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Requirements and Conditions for Filing Information Returns in the Forms 1098, 1099, 5498 and W-2G Series on Magnetic Tape

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Note: This Revenue Procedure may only be used to prepare Magnetic Tape submissions for Tax Year 1986 returns. Updated copies are published each year. Please read this publication carefully. **Persons required to file may be subject to penalties for failure to follow the instructions in this revenue procedure.** These include penalties of $50 per document for each document submitted without a Taxpayer Identification Number (TIN) or with an incorrect TIN. You may also be subject to an additional $50 penalty per document for each document not submitted on Magnetic Media if you are required to file this way or if you file late. The maximum penalty is $50,000 (There is no maximum for certain forms 1099-INT, 1099-DIV, 1099-OID, 1099-PATR or 5498 or if the failure to file is due to intentional disregard of the filing requirements). IRS strongly encourages filers to review their data for accuracy before submission to prevent erroneous notices to persons for whom reports are filed.

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NOTE: THIS REVENUE PROCEDURE MAY ONLY BE USED TO PREPARE MAGNETIC TAPE SUBMISSIONS FOR TAX YEAR 1986 RETURNS. UPDATED COPIES ARE PUBLISHED EACH YEAR. PLEASE READ THIS PUBLICATION CAREFULLY. **PERSONS REQUIRED TO FILE MAY BE SUBJECT TO PENALTIES FOR FAILURE TO FOLLOW THE INSTRUCTIONS IN THIS REVENUE PROCEDURE.** THESE INCLUDE PENALTIES OF $50 PER DOCUMENT FOR EACH DOCUMENT SUBMITTED WITHOUT A TAXPAYER IDENTIFICATION NUMBER (TIN) OR WITH AN INCORRECT TIN. YOU MAY ALSO BE SUBJECT TO AN ADDITIONAL $50 PENALTY PER DOCUMENT FOR EACH DOCUMENT NOT SUBMITTED ON MAGNETIC MEDIA IF YOU ARE REQUIRED TO FILE THIS WAY OR IF YOU FILE LATE. THE MAXIMUM PENALTY IS $50,000 (THERE IS NO MAXIMUM FOR CERTAIN FORMS 1099-INT, 1099-DIV, 1099-OID, 1099-PATR OR 5498 OR IF THE FAILURE TO FILE IS DUE TO INTENTIONAL DISREGARD OF THE FILING REQUIREMENTS). IRS STRONGLY ENCOURAGES FILERS TO REVIEW THEIR DATA FOR ACCURACY BEFORE SUBMISSION TO PREVENT ERRONEOUS NOTICES TO PERSONS FOR WHOM REPORTS ARE FILED.

PART A.—GENERAL

SECTION 1. PURPOSE

.01 The purpose of this revenue procedure is to provide the requirements and conditions for filing information return Forms 1098, 1099, 5498, and W-2G on magnetic tape. Other revenue procedures provide instructions for filing on magnetic diskette and cassette or mini-disk. *THIS REVENUE PROCEDURE IS TO BE USED FOR THE PREPARATION OF TAX YEAR 1986 INFORMATION RETURNS ONLY.* THIS PROCEDURE IS UPDATED YEARLY TO REFLECT NECESSARY CHANGES. PLEASE READ THIS PUBLICATION CAREFULLY. Specifications for filing the following forms are contained in this procedure:

(a) Form 1098, Mortgage Interest Statement.

(b) Form 1099-A, Information Return for Acquisition or Abandonment of Secured Property.

(c) Form 1099-B, Statement for Recipients of Proceeds from Broker and Barter Exchange Transactions.

(d) Form 1099-DIV, Statement for Recipients of Dividends and Distributions.

(e) Form 1099-G, Statement for Recipients of Certain Government Payments.

(f) Form 1099-INT, Statement for Recipients of Interest Income.

(g) Form 1099–MISC, Statement for Recipients of Miscellaneous Income.

(h) Form 1099-OID, Statement for Recipients of Original Issue Discount.

(i) Form 1099-PATR, Statement for Recipients (Patrons) of Taxable Distributions Received From Cooperatives.

(j) Form 1099-R, Statement for Recipients of Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc.

(k) Form 5498, Individual Retirement Arrangement Information.

(l) Form W-2G, Statement for Recipients of Certain Gambling Winnings.

Specifications for filing Forms 1042S, 6248, 8027, W-2 and W-2P are contained in separate publications.

.02 Section 1.6045-1(1) of the Income Tax Regulations requires brokers and barter exchanges to use magnetic media to report *ALL* Form 1099-B data to IRS. *THIS REQUIREMENT APPLIES TO BOTH ORIGINAL AND CORRECTED RETURNS.* Section 6011(e) of the Internal Revenue Code as amended by the Interest and Dividend Tax Compliance Act of 1983, Pub. L. 98-67, 1983-2 C.B. 352, 359, requires that any person, including corporations, partnerships, individuals, estates and trusts, required to file more than 50 information returns *in the aggregate* for payments of certain interest (Forms 1099-INT and 1099-OID), dividends (Form 1099-DIV), or patronage dividends (Form 1099-PATR), for any calendar year, must file such returns on magnetic media. *THIS REQUIREMENT APPLIES TO BOTH ORIGINAL AND CORRECTED RETURNS.* For example, if you must file 30 Forms 1099-DIV and 25 Forms 1099-INT, fil-

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ing on magnetic media is required. In addition, for returns filed in 1987 (for tax year 1986), magnetic media reporting is required if you file 500 or more of *each* of the following forms: Forms W-2, W-2P, W-2G, 1098, 1099-A, 1099-G, 1099-MISC, 1099-R, 5498, 1042S, 6248 and 8027. *THIS REQUIREMENT APPLIES TO BOTH ORIGINAL AND CORRECTED RETURNS.* Form W-2c is not included in these filing requirements. The 500 or more requirement for these forms will drop to 250 or more for returns (original or corrected) filed in 1988 (for tax year 1987) and later years. Forms W-2 and W-2P are filed with the Social Security Administration (SSA), *NOT* the Internal Revenue Service (IRS). At this time, corrected returns filed on Form W-2c with SSA are not required on magnetic media. These requirements shall not apply if you establish that it will cause you undue hardship. Refer to Part A, Sec. 5.

.03 This procedure also provides the requirements and specifications for magnetic tape filing under the Combined Federal/State Filing Program. Refer to Part A, Sec. 14.

.04 The following revenue procedures and publications provide more detailed filing procedures for certain information returns:

(a) 1986 "Instructions for Forms 1096, 1098, 5498, 1096 and W-2G" provide further information on filing returns with IRS. These instructions are available at IRS offices.

(b) Rev. Proc. 84-24, 1984-1 C.B. 465, regarding preparation of transmittal documents (Forms 1099 and 4804) for information returns.

(c) Rev. Proc. 84-33, 1984-1 C.B. 502, regarding the optional method for agents to report and deposit backup withholding.

(d) Publication 1179, Specifications for Paper Substitutes for Forms 1096, 1098, 1099, 5498 and W-2G.

.05 This procedure supersedes the following revenue procedure: Rev. Proc. 85-40, 1985-2 C.B. 445, also published in Publication 1220 (Rev. 8-85), Requirements and Conditions for Filing Information Returns in the Forms 1099, 5498, and W-2G Series on Magnetic Tape.

.06 Refer to Part A, Sec. 15 for definitions of terms used in this publication.

SEC. 2. BACKGROUND—PRIOR YEAR CHANGES (TAX YEAR 1985)

DUE TO *NUMEROUS* LEGISLATIVE AND FORMS CHANGES BETWEEN TAX YEARS 1984 AND 1985, CHANGES WERE NOT LISTED INDIVIDUALLY UNDER THIS SECTION. THE ENTIRE PUBLICATION WAS REVISED. FOR TAX YEAR 1985, SEE REV. PROC. 85-40, 1985-2 C.B. 445, FOR SPECIFIC CHANGES.

SEC. 3. NATURE OF CHANGES—CURRENT YEAR (TAX YEAR 1986)

.01 Numerous editorial changes have been made to the publication. The following changes must be incorporated into your programs for tax year 1986.

.02 GENERAL CHANGES ARE AS FOLLOWS:

(a) The note on the cover and which follows the index was revised to alert filers that their data should be reviewed for accuracy before submission to prevent erroneous notices to the persons for whom reports are filed.

(b) Part A, Sec. 1.02 lists the forms described in this revenue procedure that must be filed on magnetic media. *THESE REQUIREMENTS APPLY TO BOTH ORIGINAL AND CORRECTED RETURNS.* Corrected returns filed on Form W-2c with SSA are not required at this time on magnetic media.

(c) A note was added to Part A, Sec. 4.01 to alert filers that applications to file Forms W-2 and W-2P on magnetic media are requested from SSA; however, requests for magnetic media related undue hardship waivers and extensions of time to file Forms W-2 and W-2P on magnetic media are requested from the IRS National Computer Center. Waiver requests for these forms must be filed by June 30 for the tax year requested.

(d) Transmitter Control Codes may be alpha/numeric. This has been noted in several places within the publication.

(e) The dates for submission of "test" files have been revised in Part A, Sec. 5. "Test" files should be submitted between August 15 and December 15 each year. Also, "test" data for the "A" Record must be actual data, not fictitious information.

(f) Part A, Sec. 5.04 has been revised to alert filers that a transmittal Form 4804, 4802 or computer generated substitute must accompany "test" files. The transmittal Form 4804 and 4802 have been updated for 1986. Agencies who produce a computer generated substitute must update their format for these forms. The Form 4804 now includes a Checkbox 1 to indicate the type of file (*e.g.*, original, correction, replacement, test).

(g) Part A, Sec. 5 includes new information concerning undue hardship waiver requests. Filers are now required to submit Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media. *THIS REQUIREMENT APPLIES TO BOTH ORIGINAL AND CORRECTED RETURNS WITH THE EXCEPTION OF FORM W-2C.*

(h) Part A, Sec. 6 has been updated to include the retention requirements for information returns and the new affidavit requirements for transmittal documents.

(i) For documents filed on paper with the appropriate service center, it is no longer necessary to note on the transmittal Form 1096 that a portion of the returns are being filed on magnetic media. This has been deleted from Part A, Sec. 6.07.

(j) Part A, Sec. 6.08 has been reworded to clarify that reports from different branches for one payer, *if submitted on the same file*, must be consolidated under one "A" Record for each type of information return.

(k) A note has been added to Part A, Sec. 7 that Form 5498 is used to report amounts contributed during or after the calendar year but not later than April 15.

(l) Part A, Sec. 8 (h) has been added to inform persons who file extension requests for multiple payers that the request must include a list of all payers and their TINs (SSN or EIN).

(m) Part A, Sec. 10 alerts filers that the magnetic media filing requirements apply to both original and corrected returns with the exception of Form W-2c filed with SSA. Refer to Part A, Sec. 1 for the filing requirements. Corrected returns should be aggregated and submitted as soon as possible but not later than October 1 of each year. Also, corrections should be submitted only for the returns filed in error, not the entire file.

(n) In prior years, tape position 5 of the "B" Record was used as the corrected return indicator. Part A, Sec.

10.01 indicates that this has now been changed to position 6. Chart 1 of Sec. 10 has also been updated to reflect this change. You must adjust your programs. This change was necessary to facilitate the need for a second position in the "B" Record, Document Specific Code field.

(o) Transmittal Form W-3G is now obsolete. This form was used to transmit paper Forms 1099-R and W-2G. These two forms are now to be transmitted to the service center with Form 1096. References to Form W-3G have been deleted from this publication.

(p) Two new charts were added to the publication last year to provide instructions for filing corrections on magnetic media and on paper forms. Chart 2, Guidelines for Filing Corrected Returns on Paper Forms has been deleted. The instructions for filing corrections on paper forms are now available in the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G."

(q) Part A, Sec. 10 Chart 1 has been revised. If a return was filed with *NO* Payee TIN (SSN or EIN), or the return was filed with an incorrect Payee TIN, only one transaction is now necessary to make the correction.

(r) Part A, Sec. 12 has been completely revised. Refer to this section for specific changes.

(s) Service center addresses have been deleted from this publication. They are available in the 1986 "Instructions for Forms 1099, 1098, 5498, 1096 and W-2G."

(t) Part A, Sec. 14.02 has been revised to inform filers of the authorization to sign consent Form 6847. Filers who have received approval to file on this program in prior years may be required to resubmit a consent Form 6847 signed by each payer. Refer to Part A, Sec. 14.02 for specific information.

(u) The dollar criteria in Table 2 of Part A, Sec. 14 has changed. For the state of Minnesota, Form 5498 must now be reported. Also, two footnotes for Minnesota have now been deleted: $10.01 for Savings and Loan Associations and Credit Unions; and $600.01 for Rents and Royalties.

(v) Acceptable foreign country codes have been added to Part A, Sec. 16 to assist you in developing the address field.

(w) A note has been added to Part B, Sec. 1.02 concerning the consistency in the use of recording codes and density.

(x) Part B, Sec. 1.05 has been revised to indicate changes made to the external media labels. Form 5064 is the external media label and has been updated for tax year 1986. You must use the updated label for 1986. These will be included in your magnetic media reporting packages.

(y) Part B, Sec. 3 has been revised to instruct filers that the Header label and data must be in the same recording mode. Unnecessary information concerning options for filing has been deleted.

(z) A note has been added to Part B, Sec. 3 to inform filers that IRS prefers the use of Standard or ANSI labeled tapes. If you submit an unlabeled tape, this must be indicated on the external label and on Form 4804 or a computer generated substitute.

.03 THE FOLLOWING CHANGES HAVE BEEN MADE TO THE PAYER/TRANSMITTER "A" RECORD:

(a) A note has been added to Part B, Sec. 4.03 to indicate that all alpha characters should be uppercase.

(b) Tape positions 3-5 contain the Reel Sequence Number. The description of this field has been clarified.

(c) Form 1099-MISC, Amount Code "8", Direct Sales Indicator, NOTE 1, has been clarified.

(d) Form 1099-OID, the title of Amount Code 2 has been changed from "Stated interest" to "Other periodic interest."

(e) Form 1099-R, the term "Insurance contracts" has been added to the title of the form and insurance premiums has been added to Amount Code "5."

(f) Amount Code "7" has been added to Form 1099-R to report "State income tax withheld."

(g) A note has been added for reporting distributions from KEOGH plans on Form 1099-R.

(h) Form 5498, Amount Code "1" has been changed to report "Regular SEP contributions made in 1986 and 1987 for 1986." The regular SEP contributions have been deleted from Amount Code "3" and now appear separately as Amount Code "1."

(i) Form 5498, the title of Amount Code "4" has been changed to "Life insurance cost included in Code 1 or 3 for endowment contracts only."

(j) Amount Code "3" has been added for Form W-2G to report "State income tax withheld."

(k) The First Payer Name Line has been clarified for those reporting on Form 1098, "Mortgage Interest Statement." *Refer to the First Payer Name Line field description for specific information.*

.04 THE FOLLOWING CHANGES HAVE BEEN MADE TO THE PAYEE "B" RECORD:

(a) A note has been added to Part B, Sec. 5.03 concerning invalid addresses.

(b) A note has been added to Part B, Sec. 5.08 to indicate that all alpha characters should be upper-case.

(c) The Document Specific Code field length has been increased from 1 to 2 positions. Tape positions 4-5 now represent this coding. This change was necessary due to multiple coding required in certain cases for Form 1099-R.

(d) Additional coding and clarification has been added to the Document Specific Code for Form 1099-R. A Code "9" represents PS 58 Costs; Code "P" represents excess contributions refunded plus earnings on such excess contributions taxable in 1985; Code "A" represents distributions that qualify for 10-year averaging; Code "B" represents distributions that qualify for the death benefit exclusion; and Code "C" indicates that the distribution qualifies for both "A" and "B."

(e) The Document Specific Code, Direct Sales indicator has been clarified.

(f) In prior years, tape position 5 was used as the corrected return indicator. This has now changed to tape position 6. You must adjust your programs.

(g) Examples have been added to assist you in the development of the Name Control field.

(h) The Type of TIN indicator field has been clarified for those accounts that are questionable. Code "9" has been deleted.

(i) The Payer's Account Number for the Payee field has been clarified.

(j) The First Payee Name Line field description has been clarified for those reporting Form 1098, "Mortgage Interest Statement." *Refer to the First Payee Name Line field description for specific information.*

(k) The Payee City, Payee State and Payee Zip Code are three separate

fields. If the payee lives outside of the United States, insert a "1" in position "1" of the Payee City field and spell out the name in the remaining positions. Use the appropriate Country Code as shown in Part A, Sec. 16 in the Payee State field. Some foreign countries utilize alpha characters in the ZIP Code. The use of alpha characters is only acceptable if there is a "1" in position "1" of the Payee City field.

.05 THE FOLLOWING CHANGES HAVE BEEN MADE TO THE END OF PAYER "C" RECORD:

(a) Part B, Sec. 6.03 clarifies the totals required in the "C" Record.

(b) Part B, Sec. 6.04 provides instructions to assist you in the development of the "C" Record.

.06 THE FOLLOWING CHANGES HAVE BEEN MADE TO THE END OF TRANSMISSION "F" RECORD:

(a) The Number of Payers field name and description have been reworded.

(b) The Number of Reels field description has been reworded.

SEC. 4. WAGE AND PENSION INFORMATION FILED WITH SSA

.01 Section 8(b), Pub. L. 94-202, 1976-1 C.B. 503, enacted in January 1976, authorized the combined reporting of FICA detailed information in one consolidated annual W-2 (Copy A) to the Federal government. AS A RESULT, FORMS W-2 AND W-2P ARE TO BE FILED WITH THE SOCIAL SECURITY ADMINISTRATION (SSA), NOT WITH THE IRS. Applications to file Forms W-2 and W-2P on magnetic media are to be mailed to SSA; however, undue hardship waivers and extensions of time to file Forms W-2 and W-2P are to be requested from IRS National Computer Center, NOT from SSA. Requests for undue hardship exemption for these two forms must be filed with IRS National Computer Center by July 31, 1986, for the tax year 1986, for returns to be filed in 1987. Refer to Part A, Sec. 13 for the address and Part A, Sec. 5.08 and Sec. 8 for the required information.

.02 SSA will accept magnetic media filing of Forms W-2 and W-2P and has issued the following concerning this: TIB-4a, "*Magnetic Tape Reporting*, Submitting FICA Wage and Tax Data to the Social Security Administration"; TIB-4b, "*Magnetic Tape Reporting*, Submitting Annuity, Pension, Retired Pay or IRA Payment to the Social Security Administration"; and TIB-4c, "*Diskette Reporting*, Submitting FICA Wage and Tax Data to the Social Security Administration." Applications for filing Forms W-2 and W-2P on magnetic media appear in TIBs-4a, 4b, and 4c.

.03 Copies of Social Security Administration publications TIB-4a, 4b, and 4c are available from any local Social Security Administration office or the SSA Regional Magnetic Media Coordinators.

SEC. 5. APPLICATION FOR MAGNETIC MEDIA REPORTING AND REQUESTS FOR UNDUE HARDSHIP WAIVERS

.01 For purposes of this revenue procedure, the *PAYER* includes the person making payments, a recipient of mortgage interest payments, a broker, a barter exchange, a trustee or issuer of an IRA, SEP or DEC, or a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned. The *TRANSMITTER* is the organization preparing the magnetic tape file. The payer and transmitter may be the same organization. Payers or their transmitters are required to complete Form 4419, Application for Magnetic Media Reporting of Information Returns. A copy of this form, for your use, can be found at the end of this publication. Requests for additional information or forms related to magnetic media processing should be addressed to the National Computer Center. Beginning January 1, 1986, magnetic media processing was centralized at the National Computer Center. The address is listed in Part A, Sec. 13.

.02 Applications should be filed with the National Computer Center *before* "test" files are submitted. ("Test" files must be submitted between August 15 and December 15 each year.) IRS will act on an application and notify the applicant, in writing, of authorization to file. A five character alpha/numeric *Transmitter Control Code* will be assigned and included in an acknowledgement letter within 30 days of receipt of the application. Magnetic tape returns may not be filed with IRS until the application has been approved. Do not enter blanks in the "A" Record Transmitter Control Code field; enter the five character alpha/numeric Transmitter Control Code that is assigned to you by IRS after you have filed an application and it has been approved. Applications for approval to file Forms W-2 and W-2P on magnetic media must be filed with the Social Security Administration (SSA), not with IRS. Refer to Part A, Sec. 4.

.03 After you have received approval to file on magnetic media, you do not need to reapply each year; however, notify IRS in writing if:

(a) there are hardware or software changes that would affect the characteristics of the magnetic media submission (*e.g.*, changing from diskette to tape filing or vice versa), a new Transmitter Control Code may be necessary or,

(b) you discontinue filing on magnetic media for a year (your five character alpha/numeric Transmitter Control Code may be reassigned).

If either of these conditions applies to you, you should contact IRS for clarification. In *All* correspondence, refer to your current five character alpha/numeric Transmitter Control Code to assist IRS in locating your files.

.04 IRS will assist new filers with their initial magnetic tape submission by reviewing "*test*" files submitted in advance of the filing season. The "*test*" data should be actual data for the "A" Record, not fictitious information. This applies to all records submitted in the "*test*" file. Approved payers or transmitters should submit "*test*" files to the National Computer Center. You *MUST* submit a "*test*" file in order to participate in the Combined Federal/State Program; however, you are encouraged to submit "*test*" files if you are a new filer on magnetic media. As a guideline, IRS prefers that all "*test*" files be submitted between August 15 and December 15 each year. Refer to Part A, Sec. 13 for the address. Do not submit "*test*" files after December 15. If you are unable to submit your "*test*" file by this date, you may *only* send a sample hardcopy printout or tape dump that shows a sample of each type of record (A, B, C, K and F) *used* to the National Computer Center. Clearly mark the hardcopy printout or tape dump as "TEST DATA," and include identifying information such as name, address and telephone number of someone familiar with the "*test*" print or tape dump who may be contacted to

discuss its acceptability. With all *"test"* data, include a transmittal Form 4804, 4802 or computer generated substitute marked as "TEST DATA" that identifies your five character alpha/numeric Transmitter Control Code and total record and money amounts. The transmittal Form 4804 and 4802 have been updated for tax year 1986. Agencies that produce a computer generated substitute must include the additional information required on these forms. The Form 4804 now includes a Checkbox 1 to indicate the type of file (*e.g.*, original, correction, replacement, test). The *"test"* data must be a sample of *actual* data coded according to the proper revenue procedure.

.05 If your magnetic media files have been prepared for you in the past by a service agency, and you now have computer equipment compatible with that of IRS and wish to prepare your own files, you must request your own five character alpha/numeric Transmitter Control Code by filing an application, Form 4419, as described above.

.06 If you as an individual or organization are an approved filer on magnetic media and you change the name of your organization, please notify the National Computer Center in writing so that your file may be updated to reflect the proper name.

.07 In accordance with section 1.6041-7(b) of the Income Tax Regulations, payments to providers of medical and health care services from separate departments of a health care carrier may be reported as separate returns on magnetic media. In this case, the headquarters office will be considered to be the transmitter, and the individual departments of the company filing reports will be considered to be payers. A *single* application form covering *all* the departments that will be filing on magnetic tape should be submitted. One five character alpha/numeric Transmitter Control Code may be used for all departments.

.08 Any person required to file original or corrected returns on magnetic media may request a waiver from the filing requirements by submitting Form 8508, Request For Waiver From Filing Information Returns on Magnetic Media, with the IRS National Computer Center if filing on magnetic media would be an undue hardship. Requests for waivers for Forms W-2 and W-2P are due by July 31, 1986 for tax year 1986, for returns to be filed in 1987. For all other returns required to be filed on magnetic media, waiver requests must be filed at least 90 days before the returns are due. This waiver, if approved, will only provide exemption from magnetic media filing for one tax year. Filers may not apply for a waiver for more than one tax year at a time. You must reapply each year that a waiver is necessary. Copies of Form 8508 may be obtained from the IRS National Computer Center. See Part A, Sec. 13 for the address.

.09 Section 1.6045-1(1) of the Income Tax Regulations requires brokers and barter exchanges to use magnetic media in reporting *ALL* Form 1099-B data to IRS. *THIS REQUIREMENT APPLIES TO BOTH ORIGINAL AND CORRECTED RETURNS*. Generally *NEW* brokers and *NEW* barter exchanges may request an undue hardship exemption by filing a request for waiver with the National Computer Center by the end of the second month following the month in which they became a broker or barter exchange.

.10 *All* requests for magnetic media related undue hardship exemptions should be submitted to IRS National Computer Center at least 90 days before the due date of the return except as stated in Sec. 5.09. All magnetic media related undue hardship requests for Forms W-2 and W-2P are to be filed with IRS National Computer Center, not SSA and must be filed by July 31, 1986, for tax year 1986, for returns to be filed in 1987. Refer to Part A, Sec. 13 for the address.

.11 If you request a waiver from filing on magnetic media and it *is* approved, *do not send a copy of the approved waiver to the service center where you file your paper returns*. Keep the waiver for your records. Do *not* staple, paperclip or use rubberbands on any scannable forms. Paper information returns are read by an optical scanner (OCR) at the service centers.

.12 Waivers are granted on a case-by-case basis and may be approved at the discretion of the National Computer Center.

.13 If you are required to file on magnetic media but fail to do so, and you do not have an approved waiver on record, you may be subject to a failure to file penalty. Refer to Sec. 6.01 below.

.14 *An approved waiver from filing information returns on magnetic media does not provide exemption from filing; you MUST still file your information returns on acceptable paper forms.*

.15 A magnetic media reporting package, which includes all the necessary transmittals, labels, and instructions will be mailed to the last known address of all approved filers each year.

SEC. 6. FILING OF MAGNETIC MEDIA REPORTS AND RETENTION REQUIREMENTS

.01 If you do not file your returns on time, you may be subject to a $50 per document failure to file penalty. If you file without following the instructions in this revenue procedure, you may also be subject to a $50 per document failure to file penalty. The maximum penalty is $50,000. However, there is no maximum penalty for returns of 1099–INT, 1099–OID, 1099-DIV, 1099-PATR, 5498 or if the failure to file is due to intentional disregard of the filing requirements.

.02 Generally, you are now subject to a $50 penalty for *each* failure to include the payee's correct TIN on an information return unless the payer can demonstrate that the payer met the due diligence requirements. Refer to Part A, Sec. 11.

.03 Rev. Proc. 84-24, 1984-1 C.B. 465, gives detailed information on preparing transmittal documents (Forms 1096 and 4804) for information returns and is available at IRS offices. Specific guidelines are given on how to report the payer's name, address and TIN on transmittal documents and information returns. Instructions for multiple transmittals and the submission of transmittals by service bureaus or agents are also covered.

.04 *THE MAGNETIC TAPE RECORDS ARE TO BE SUBMITTED TO THE NATIONAL COMPUTER CENTER; HOWEVER, PAPER INFORMATION RETURNS ARE TO CONTINUE TO BE FILED WITH THE SERVICE CENTERS.* Form 4804, Transmittal of Information Returns Reported on Magnetic Media, must accompany magnetic tape submissions. If you file for multiple payers and have the authority to sign the affidavit on Form 4804, you should also submit Form 4802, Trans-

mittal for Multiple Magnetic Media Reporting. *For IRS to ensure that your actual data records were formatted following THIS revenue procedure, include a hardcopy printout, fast print or tape dump of the first five and last five blocks of the data that shows a sample of each type of record (A, B, C, K and F) used on the tape.* This will be reviewed prior to actual processing to ensure that the data is in the proper format. *Be sure to include Form 4804, 4802 or computer generated substitute with your tape shipment. DO NOT MAIL THE TAPES AND THE TRANSMITTAL DOCUMENTS SEPARATELY.* IRS encourages the use of a computer generated Form 4804 which includes *all* necessary information requested on the actual form.

Paper information returns must be transmitted to the appropriate service center using Form 1096, Annual Summary and Transmittal of U.S. Information Returns. *Do not send information returns filed on paper forms to the National Computer Center.*

.05 The affidavit for Form 4804 should be signed by the payer; however, the transmitter, service bureau, paying agent, or disbursing agent may sign the affidavit on behalf of the payer if all of the following conditions are met:

(a) Has the authority to sign the affidavit under an agency agreement (either oral, written, or implied) that is valid under the state law.

(b)(i) It has the responsibility (either oral, written or implied) conferred on it by the payer to request the TINs of recipients (or others for whom information is being reported), or

(ii) If the return of more than one payer is included in a single tape submission, covered by a single Form 4804, each payer has attested by affidavit to the transmitter, service bureau, paying agent, or disbursing agent that the payer has complied with the law in attempting to secure correct TINs.

(c) It signs the affidavit and adds the caption "For: (name of payer)."

.06 Although a duly authorized agent signs the affidavit, the payer is held responsible for the accuracy of the Form 4804, and the payer will be liable for penalties for failure to comply with filing requirements.

.07 DO NOT REPORT THE SAME INFORMATION ON PAPER FORMS THAT YOU REPORT ON MAGNETIC MEDIA. IF YOU REPORT PART OF YOUR RETURNS ON PAPER AND PART ON MAGNETIC MEDIA, BE SURE THAT DUPLICATE RETURNS, WITH THE SAME INFORMATION, ARE NOT INCLUDED ON BOTH. This does not mean that corrected documents are not to be filed. If a return has been prepared and submitted improperly, you must file a corrected return as soon as possible. Refer to Part A, Sec. 10 for requirements and instructions on filing corrected returns.

.08 Reports from different branches or locations for one payer, if submitted on the same file, *MUST* be consolidated under one Payer/Transmitter "A" Record for each type of information return. For example, all Forms 1099-INT for the same payer on a single file must be sorted together under one Payer/Transmitter "A" Record followed by the appropriate "B" Records and one "C" Record.

.09 Payers are required to retain a copy of the information returns filed with IRS or the ability to reconstruct the data for at least three years.

.10 Before submitting magnetic media files, include the following:

(a) A signed Form 4804 or computer generated substitute.

(b) A Form 4802 (if you transmit for multiple payers).

(c) A hardcopy printout or listing of the first five and last five blocks of your file. The listing should show a sample of each type of record (A, B, C, K and F) used on the magnetic media being submitted.

(d) The magnetic media with an external identifying label as described in Part B, Sec. 1.

(e) On the outside of the shipping container, include a Form 4801 or a substitute for the form which reads "DELIVER UNOPENED TO TAPE LIBRARY—MAGNETIC MEDIA REPORTING—BOX ___ of ___." If there is only one container, mark the outside as Box *1* of *1*. For multiple containers, include the sequence (*e.g.*, Box *1* of *33*, *2* of *33*, etc.).

(f) If you were granted an extension, include a copy of the *approval* letter with the magnetic media shipment.

.11 IRS will not pay or accept "Collect on Delivery" or "Charged to IRS" shipments of reportable tax information that an individual or organization is legally required to submit.

.12 Files returned to you due to coding or format errors are to be corrected and returned to IRS within 30 days of your receipt or the payer may be subject to a failure to file penalty.

SEC. 7. FILING DATES

.01 The dates prescribed for filing paper returns with IRS also apply to magnetic media filing. Magnetic media reporting to IRS for Forms 1098, 1099 and W-2G must be on a calendar year basis. Form 5498 is used to report amounts contributed during or after the calendar year but not later than April 15.

.02 Information returns filed on magnetic media for Forms 1098, all types of Forms 1099, and W-2G must be submitted to IRS and postmarked by February 28. The due date for furnishing the required copy or statement to the recipient is January 31.

.03 Information returns filed on magnetic media for Form 5498 must be submitted to IRS and postmarked by May 31. Copies of this form or statements are due to the participant by May 31 for contributions made to IRAs and SEPs for the prior calendar year; however, *participant* copies or statements for DECs are due at the time the contribution is made or January 31, whichever is later. Form 5498 is filed for contributions to be applied to 1986 that are made between January 1, 1986, and April 15, 1987.

SEC. 8. EXTENSIONS OF TIME TO FILE

.01 If a payer or transmitter of returns *on magnetic media* filed with IRS or SSA is unable to submit their magnetic media file by the dates prescribed in Sec. 7.02 and 7.03 above, submit a letter requesting an extension of up to 30 days to file, as soon as you are aware that an extension will be necessary. In order to be considered, the request *MUST* be filed *before* the due date of the return; otherwise, you will be subject to the late filing penalty. The letter should be sent to the attention of the Magnetic Media Reporting Program at IRS National Computer Center. See Part A, Sec. 13 for the address. The request should include:

(a) The filer's (or transmitter's, if filing for multiple payers) name and address.

(b) The filer's Taxpayer Identification Number (SSN or EIN).

(c) The tax year for which the extension of time is requested: tax year 1986.

(d) The name and telephone number of a person to contact who is familiar with the request.

(e) The type of returns and expected volume (*e.g.*, 5000 Forms 1099-INT).

(f) The five character alpha/numeric Transmitter Control Code assigned to the organization or individual requesting the extension (if a number has been assigned).

(g) The reason for the delay and date that you *will* be able to file.

(h) If you file for multiple payers, the request must include a list of all payers and their TINs (SSN or EIN).

An approved extension *for magnetic media filing* does not provide additional time for supplying a copy to the payee and is not an extension to file paper "Copy A" with the appropriate service center.

.02 If an extension of time to file on magnetic media is granted by the National Computer Center, a *copy* of the letter *granting the extension MUST* be attached to the transmittal Form 4804 or computer generated substitute when the file is submitted.

SEC. 9. PROCESSING OF MAGNETIC MEDIA RETURNS

.01 The National Computer Center will process tax information from magnetic media files. All magnetic media files that are received timely by the National Computer Center will be returned to the filers by August 15 of the year in which submitted.

.02 *Due to the volume of input received and the cost to return special containers, special shipping containers should not be used for transmitting data to the National Computer Center since IRS cannot guarantee return of such containers.*

.03 Files will be returned to you for correction if they are unprocessable due to format or coding errors, or by the request of the filer. Unprocessable files must be corrected and returned to the National Computer Center within 30 days of your receipt or the payer may be subject to a failure to file penalty. The corrected files will be returned to the filer by the National Computer Center within 6 months of receipt. PLEASE BE SURE THAT YOUR FORMAT AND CODING COMPLY WITH THIS REVENUE PROCEDURE. *THIS REVENUE PROCEDURE IS TO BE USED FOR THE PREPARATION OF TAX YEAR 1986 INFORMATION RETURNS ONLY.* LEGISLATIVE AND FORMS CHANGES AFFECTING INFORMATION RETURNS MAY OCCUR EACH YEAR. THESE PROCEDURES ARE UPDATED TO REFLECT NECESSARY CHANGES. PLEASE READ THIS PUBLICATION CAREFULLY.

SEC. 10. HOW TO FILE CORRECTED RETURNS

.01 The filing requirements listed in Part A, Sec. 1 apply to both original and corrected returns. Corrections should be aggregated and filed as soon as possible but not later than October 1 of each year. *ALL FIELDS OR BOXES MUST BE COMPLETED WITH THE CORRECT INFORMATION, NOT JUST THE DATA FIELDS NEEDING CORRECTION.* Submit corrections only for the returns filed in error, not the entire file. If your complete file is in error, contact the National Computer Center immediately. If you file corrected returns on paper forms, submit Copy A to the appropriate service center. There are numerous types of errors. It may require more than one transaction to properly correct the initial error. In prior years, tape position 5 of the "B" Record was used as the corrected return indicator. This has now been changed to position 6. You must adjust your programs. You are strongly encouraged to read this *ENTIRE* section before attempting to make *ANY* correction. If the initial return was filed as an aggregate, you must consider this in filing the corrected return.

.02 Corrected returns submitted to IRS on magnetic media, using a "G" coded Payee "B" Record, may be submitted on the same tape as those corrections submitted without the "G" code; however, they must be submitted using a separate "A" Record. Corrected returns for different tax years may *not* be submitted on the same file. Corrected returns are to be identified as corrections on the transmittal document and the *EXTERNAL* affixed label of the file.

.03 The instructions that follow will provide information on how to file corrected returns on magnetic media. The 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G" provide more specific instructions for filing corrections on paper forms and are available from IRS.

.04 *If you are not required to file your corrections on magnetic media and you file them on paper forms, do not submit the paper returns to the National Computer Center. All paper returns, whether original or corrected, must be filed with the appropriate service center. Corrected returns filed on magnetic media must be filed with the National Computer Center.* Refer to Part A, Sec. 13 for the address.

.05 Statements to the recipient or participant should be identified as "CORRECTED" and should be provided to them as soon as possible.

.06 If you file corrected returns on paper forms, use IRS forms or acceptable OCR scannable paper substitutes. Pinhole feeds on the forms are not acceptable. Always submit Copy A to the appropriate service center. *NOTE:* Form W-2G is not required to be in OCR scannable format. Publication 1179, "Specifications for Paper Substitutes for Forms 1096, 1098, 1099, 5498 and W-2G" provides requirements and instructions.

.07 For instructions on filing information returns with IRS, refer to the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G." If these instructions are not included in your magnetic media reporting packages, request a copy from IRS.

.08 Type or machine print in *black* carbon based ink all information on returns filed on paper. Print money amounts without dollar signs ($), ampersands (&), asterisks (*), commas (,), or other special characters. Use decimal points (.) to indicate dollars and cents on paper forms only, not on magnetic media.

.09 Use the proper form. If you are in doubt, review the instructions noted in .07 above or contact IRS.

.10 Use only the boxes provided on the paper forms. Do not add additional boxes.

.11 Do not change the title of any box on any forms and do not insert data in the untitled shaded areas.

.12 Use the same name and TIN (SSN or EIN) for the filer on the Form 1096 transmittal form and all related forms that follow.

.13 A separate transmittal Form 1096 is required for each *type* of paper information return filed in the 1098, 5498, W-2G, and 1099 series. DO NOT USE THE SAME TRANSMITTAL DOCUMENT TO FILE ORIGINAL AND CORRECTED RETURNS WHETHER ON PAPER FORMS *OR* MAGNETIC MEDIA. A transmittal Form 4804 or computer generated substitute is used to transmit magnetic media. A Form 4802 is a *continuation* form for a Form 4804. Please utilize a Form 4802 if you file on magnetic media for multiple payers and are an authorized agent for the payers.

.14 Do not cut, staple, fold, paperclip, tape, or use rubberbands on any paper information returns filed with IRS. This could impair the OCR scanning process. No photocopies of any forms are allowable.

.15 Use the correct tax year's forms to file information returns with IRS (*i.e.*, do not submit tax year 1986 returns using 1985 forms). The same is true for magnetic media filing. You must submit your returns filed on magnetic media using the revenue procedure for the tax year of the returns. Forms and revenue procedures are normally updated each year to include necessary changes.

.16 Most information returns contain a "VOID" box and a "CORRECTED" box. The "VOID" box is used only if you make an error while typing or printing the paper forms. Mark this box ONLY when you wish the return to be disregarded or passed over. The OCR scanner at the service centers *will not read* a "VOID" return; it will pass over it and go to the next form if the "VOID" box is marked. Do not confuse the "VOID" box and the "CORRECTED" box.

.17 On magnetic media files, the Payee "B" Record provides space to enter a Payer's Account Number for the Payee. This same account number may be provided on paper forms. In order to properly file corrected returns, this number will help identify the appropriate incorrect return. DO NOT ENTER A TIN (SSN OR EIN). *A PAYER'S ACCOUNT NUMBER FOR THE PAYEE MAY BE A CHECKING ACCOUNT NUMBER, SAVINGS ACCOUNT NUMBER, SERIAL NUMBER OR ANY OTHER NUMBER ASSIGNED TO THE PAYEE BY THE PAYER, THAT WILL DISTINGUISH THE SPECIFIC ACCOUNT. THIS NUMBER MUST APPEAR ON THE INITIAL RETURN AND ON THE CORRECTED RETURN IN ORDER TO IDENTIFY AND PROCESS THE CORRECTION PROPERLY.*

.18 REVIEW THE CHART THAT FOLLOWS. The types of errors made will *normally* fall under one of the three categories listed. Next to each *type* of error made, you will find a list of instructions to tell you how to *properly* file the corrected return for *that* type of error. READ ALL OF THE INSTRUCTIONS LISTED AND FOLLOW THEM FOR THE TYPE OF ERROR MADE ON THE INITIAL RETURN. *IN SOME CASES TWO TRANSACTIONS ARE REQUIRED TO PROPERLY FILE CORRECTIONS. IF THE ORIGINAL RETURN WAS FILED AS AN AGGREGATE, YOU MUST CONSIDER THIS IN FILING CORRECTED RETURNS.*

Guidelines for Filing Corrected Returns On Magnetic Media

(PLEASE READ SEC. 10.01 THROUGH 10.18 OF THIS PUBLICATION BEFORE MAKING *ANY* CORRECTIONS)

Error Made on the Original Return Filed on Magnetic Media	How To File the Corrected Return on Magnetic Media
1. Original return was filed with *NO* Payee TIN (SSN or EIN), *OR* the return was filed with an *INCORRECT* Payee TIN.	A. *Form 4804 and 4802 (or computer generated substitute)* 1. Prepare a *new* transmittal Form 4804 (and 4802 if you file for multiple payers) or a computer generated substitute, that includes information related to this new file. 2. Mark the Correction box in Block 1 of the 1986 revised copy of Form 4804. If the 1986 form is not available, write, type or machine print in uppercase letters "MAGNETIC MEDIA CORRECTION" at the top of the transmittal form or computer generated substitute. 3. Provide *ALL* requested information correctly. 4. Include a hardcopy print, listing or tape dump exhibiting a small sample of each type of *record* (A, B, C and F), which can be reviewed for accuracy and acceptability of record *format*. 5. If you are a Combined Federal/State filer, IRS will not transmit corrected returns to the state. This will be the responsibility of the filer. B. *1098, 1099 Series, 5498 and W-2G Returns* 1. Prepare a new file. 2. Use a separate Payer/Transmitter "A" Record for each *type* of return being reported. The information in the "A" Record will be the same as it was in the

Error Made on the Original Return Filed on Magnetic Media	How To File the Corrected Return on Magnetic Media
	original submission. 3. The Payee "B" Record must contain exactly the same information as submitted previously *EXCEPT:* insert a "G" code in tape position 6 of the "B" Record and supply the correct TIN (SSN or EIN). (In prior years, tape position 5 was used as the corrected return indicator. This has now been changed to position 6. You must adjust your programs.) 4. Corrected returns submitted to IRS using a "G" coded "B" Record may be submitted on the same tape as those returns submitted *without* the "G" code; however, a separate "A" Record is required. 5. Mark the *EXTERNAL* label of the tape "MAGNETIC MEDIA CORRECTION." 6. Submit the tape(s), a tape dump showing sample records coded for this type of filing, and the transmittal document to the National Computer Center. (Refer to Part A, Sec. 13 for the address.)
2. Original return was filed with an incorrect money amount(s) in the Payee "B" Record, *OR* a money amount was reported using an incorrect Payment Amount Indicator in the original Payer/Transmitter "A" Record. Correct *Type Of Return* indicator was used in the "A" Record. (NOTE: If the wrong *Type Of Return* indicator was used, see number 3 of this chart.)	A. *Form 4804 and 4802 (or computer generated substitute)* 1. Prepare a *new* transmittal Form 4804 (and 4802 if you file for multiple payers), or a computer generated substitute, that includes information related to this new file. 2. Mark the Correction box in Block 1 of the 1986 revised copy of Form 4804. If the 1986 form is not available, write, type or machine print in upper case letters "MAGNETIC MEDIA CORRECTION" at the top of the transmittal form or computer generated substitute. 3. Provide *ALL* requested information correctly. 4. Include a hardcopy print, listing or tape dump exhibiting a small sample of each type of *record* (A, B, C, and F), which can be reviewed for accuracy and acceptability of record *format.* 5. If you are a Combined Federal/State filer, IRS will not transmit corrected returns to the state. This will be the responsibility of the filer. B. *1098, 1099 Series, 5498 and W-2G Returns* 1. Prepare a *new* file. 2. Use a separate Payer/Transmitter "A" Record for each *type* of return being reported. The information in the "A" Record will be the same as it was in the original submission EXCEPT, the *correct* Amount Indicators will be used. 3. The Payee "B" Record must contain exactly the same information as submitted previously *EXCEPT:* insert a "G" code in tape position 6 of the "B" Record *AND* report the correct payment amounts as they should have been reported on the initial return. (In prior years, tape position 5 was used as the corrected return indicator. This has now been changed to position 6. You must adjust your programs.) 4. Corrected returns submitted to IRS using a "G" coded "B" Record may be submitted on the same

Error Made on the Original Return Filed on Magnetic Media	How To File the Corrected Return on Magnetic Media

tape as those returns submitted *without* the "G" code; however, a separate "A" Record is required.

5. Mark the *EXTERNAL* label of the tape "MAGNETIC MEDIA CORRECTION."
6. Submit the tape(s), a tape dump showing sample records coded for this type of filing, and the transmittal document to the National Computer Center. (Refer to Part A, Sec. 13 for the address.)

3. Original return was filed using the WRONG *Type of Return* indicator in the Payer/Transmitter "A" Record. (For example, a return was coded using the *Type of Return* indicator for 1099-DIV and it should have been coded for 1099-INT.) THIS WILL REQUIRE TWO SEPARATE TRANSACTIONS TO MAKE THE CORRECTION PROPERLY. READ AND FOLLOW *ALL* INSTRUCTIONS FOR *BOTH* TRANSACTIONS 1 AND 2.

TRANSACTION 1: Identify return submitted with an incorrect Type Of Return indicator

A. *Form 4804 and 4802 (or computer generated substitute)*
   1. Prepare a *new* transmittal Form 4804 (and 4802 if you file for multiple payers), or a computer generated substitute, that includes information related to this new file.
   2. Mark the Correction box in Block 1 of the 1986 revised copy of Form 4804. If the 1986 form is not available, write, type or machine print in uppercase letters "MAGNETIC MEDIA CORRECTION" at the top of the transmittal form or computer generated substitute.
   3. Provide *ALL* requested information correctly.
   4. Include a hardcopy print, listing or tape dump exhibiting a small sample of each type of *record* (A, B, C and F), which can be reviewed for accuracy and acceptability of record *format*.
   5. If you are a Combined Federal/State filer, IRS will not transmit corrected returns to the state. This will be the responsibility of the filer.

B. *1098, 1099 Series, 5498 and W-2G Returns*
   1. Use a separate Payer/Transmitter "A" Record for each *type* of return being reported. The information in the "A" Record will be exactly the same as it was in the original submission using the same incorrect type of return indicator.
   2. The corrected Payee "B" Record must contain the same information as submitted previously *EXCEPT*: insert a "G" code in tape position 6 of the "B" Record and for *ALL* payment amounts *used* enter "0" (zero). (In prior years, tape position 5 was used as the corrected return indicator. This has now been changed to position 6. You must adjust your programs.)
   3. Corrected returns submitted to IRS using a "G" coded "B" Record may be submitted on the same tape as those returns submitted *without* the "G" code; however, a separate "A" Record is required.
   4. Mark the *EXTERNAL* label of the tape *"MAGNETIC MEDIA CORRECTION."*
   5. Submit the tape(s), a tape dump showing sample records coded for this type of filing, and the transmittal document to the National Computer Center. (Refer to Part A, Sec. 13 for the address.)

Error Made on the Original Return Filed on Magnetic Media	How To File the Corrected Return on Magnetic Media

TRANSACTION 2: Report correct information

A. *Form 4804 and 4802 (or computer generated substitute)*
   1. If you submit records with the corrected information on a separate tape from those that are "G" coded, prepare a *new* transmittal Form 4804 (and 4802 if you file for multiple payers), or a computer generated substitute, that includes information related to this new file. (A Form 4802 is a continuation form for multiple payers and may be used if you have the authority to sign the affidavit on the Form 4804.
   2. Mark the Correction box in Block 1 of the 1986 revised copy of Form 4804. If the 1986 form is not available, write, type or machine print in uppercase letters "MAGNETIC MEDIA CORRECTION" at the top of the transmittal form or computer generated substitute.
   3. Provide *ALL* requested information correctly.
   4. Include a hardcopy print, listing or tape dump exhibiting a small sample of each type of *record* (A, B, C and F), which can be reviewed for accuracy and acceptability of record *format*.
   5. If you are a Combined Federal/State filer, IRS will not transmit corrected returns to the state. This will be the responsibility of the filer.

B. *1098, 1099 Series, 5498 and W-2G Returns*
   1. Prepare a *new* file with the correct information in *ALL* records.
   2. Use a separate Payer/Transmitter "A" Record for each *type* of return being reported and use the correct Type Of Return indicator.
   3. *Do not code the Payee "B" Record as a corrected return for this type of correction.*
   4. Provide all of the correct information.
   5. Mark the *EXTERNAL* label of the tape "MAGNETIC MEDIA CORRECTION."
   6. Submit the tape(s), a tape dump showing sample records coded for this type of filing, and the transmittal document to the National Computer Center. (Refer to Part A, Sec. 13 for the address.)

SEC. 11. TAXPAYER IDENTIFICATION NUMBERS

.01 Under section 6109 of the Internal Revenue Code, recipients of all reportable payments on information returns are required to furnish taxpayer identification numbers (TINs) to the payer. The number must be furnished to the payer whether or not the payee is required to file a tax return or is covered by social security. Refer to Part A, Sec. 15 for a definition of taxpayer identification number (TIN).

.02 The recipient's TIN is used to associate and verify amounts reported to IRS with corresponding amounts on tax returns. Therefore, it is particularly important that correct social security and employer identification numbers for payees be provided on magnetic media or paper forms submitted to IRS. *DO NOT ENTER HYPHENS, ALPHA CHARACTERS, ALL 9s OR ALL ZEROS.*

.03 Under section 6676 of the Internal Revenue Code, a *$50 penalty* applies for each failure to furnish a TIN to another person who is required to file an information return, and for each failure to include a TIN on an information return. The penalty applies unless the failure to comply is due to reasonable cause and not willful neglect.

.04 With respect to all payers of interest and dividends, section 6676 of the Internal Revenue Code provides that the payer must self-assess a *$50 penalty* for each failure to include a payee's TIN or each inclusion of an incorrect TIN on an information return, unless the payer can demonstrate that the payer met the due diligence requirements in attempting to acquire correct TINs for payees. Use Form 8210, Self-Assessed Penalties Return.

.05 For any reportable payment, if the payee fails to provide a TIN to the payer then backup withholding must be

instituted for that payee. If the payer receives another TIN in the manner required from the payee within 30 days of notice from IRS, no backup withholding is required. If the payee has applied for a TIN, the payee may certify to this on Form W-9 by noting "Applied For" in the TIN block and by signing the form. This form then becomes an "awaiting-TIN certificate." If the TIN is not received and certified, if required, within 60 days, begin withholding and continue until you receive a TIN in the manner required.

.06 The TIN to be furnished to IRS depends primarily upon the manner in which the account is maintained or set up on the payer's record. The TIN to be provided must be that of the owner of the account. If the account is recorded in more than one name, furnish the TIN and name of one of the owners of the account. The TIN provided must be associated with the name of the payee provided in the first name line of the Payee "B" Record. For individuals, including sole proprietors, the payee TIN is the payee's social security number. For other entities, the payee TIN is the payee's employer identification number.

.07 Sole proprietors who are payers should show their employer identification number in the Payer/Transmitter "A" Record. However, sole proprietors who are not otherwise required to have an employer identification number should use their social security number.

.08 Sole proprietors' social security numbers must be used in the Payee "B" Record.

.09 The charts below will help you determine the number to be furnished to IRS for recipients of reportable payments (payees).

CHART 1. Guidelines for Social Security Numbers

For this type of account:	In the Taxpayer Identification Number field of the Payee "B" Record, enter the SSN of—	In the First Payee Name Line of the Payee "B" Record, enter the name of—
1. An individual's account.	The individual.	The individual.
2. A joint account (Two or more individuals, husband and wife).	The actual owner of the account. (If more than one owner, the first individual on the account.)	The individual whose SSN is entered.
3. Account in the name of a guardian or committee for a designated ward, minor, or incompetent person.	The ward, minor, or incompetent person.	The individual whose SSN is entered.
4. Custodian account of a minor (Uniform Gift to Minors Act.)	The minor.	The minor.
5. The usual revocable savings trust account (grantor is also trustee).	The grantor-trustee.	The grantor-trustee.
6. A so-called trust account that is not a legal or valid trust under state law.	The actual owner.	The actual owner.
7. A sole proprietorship.	The owner.	The owner.

CHART 2. Guidelines for Employer Identification Numbers

For this account type—	In the Taxpayer Identification Number field of the Payee "B" Record, enter the EIN of—	In the First Payee Name Line of the Payee "B" Record, enter the name of—
1. A valid trust, estate, or pension trust.	Legal entity.[1]	The legal trust, estate, or pension trust.
2. A corporate account.	The corporation.	The corporation.
3. An association, club, religious, charitable, educational or other tax-exempt organization.	The organization.	The organization.
4. A partnership account held in the name of the business.	The partnership.	The partnership.
5. A broker or registered nominee/ middleman.	The broker or nominee/ middleman.	The broker or nominee/middleman.
6. Account with the Department of Agriculture in the name of a public entity such as state or local government, school district or prison that receives agriculture program payments.	The public entity.	The public entity.

[1]Do not furnish the identification number of the personal representative or trustee unless the name of the representative or trustee is used in the account title.

SEC. 12. EFFECT ON PAPER RETURNS

.01 Magnetic tape reporting of the information returns listed in Part A, Sec. 1 applies only to the original (Copy A).

.02 For payments of dividends or interest (reported on Forms 1099-DIV, 1099-PATR, 1099-INT or 1099-OID) the payer is required to furnish an official Form 1099 to a payee either in a separate mailing by First-Class mail or in person. These forms may not be combined or mailed with other information furnished to the recipient except Forms W-8, W-9, or other Forms 1099. The payer may use substitute Forms 1099 if they utilize the proper language, are substantially similar to the official forms and if the payer complies with all revenue procedures relating to substitute Forms 1099 in effect at the time (see Publication 1179). Copy B (For Recipient) of the substitute forms must contain the statement "This is important tax information and is being furnished to IRS. If you are required to file a return, a negligence penalty will be imposed on you if this income is taxable and IRS determines that it has not been reported." The substitute form must contain instructions substantially similar to those on the back of Copy B of the official form.

.03 Statements to recipients for Forms 1098, 1099-A, 1099-B, 1099-G, 1099-MISC (except for substitute payments in lieu of dividends and tax-exempt interest), 1099-R, 5498 or W-2G need not be a copy of the paper form filed with IRS. It is important that income items be properly classified for Federal tax purposes on the statement the payer gives to recipients. The message "This information is being furnished to IRS" must appear on the statements. In addition, Form 1098 statements must contain the message, "The amount shown is deductible by you for Federal income tax purposes only to the extent it was actually paid by you and not reimbursed by another person." The space provisions on official paper forms do not agree with those used in magnetic media. The amount of space on paper forms is less than that allowed on magnetic media. Filers may wish to seek a substitute form for Copy B (For Recipient) that accommodates the space provisions used in magnetic media. Payers are permitted considerable flexibility in designing Copy B of the information return to be furnished to the payee. The payer may combine the information return data with other reports or financial or commercial notices so long as all required information is present and worded properly and the payee's copy is conducive to proper reporting of income on tax returns. (This does not apply to Forms 1099-INT, 1099-OID, 1099-DIV and 1099-PATR. See .02 above for the requirements for these four forms.) However, when information not requested on the official form is included on these substitute statements, they can no longer be mailed with recipient copies of 1099-DIV, INT, OID, or PATR without violating the separate mailing requirements.

.04 If a portion of the returns is reported on magnetic tape and the remainder is reported on paper forms, those returns not submitted on magnetic tape (including corrected returns) may require a waiver depending on the type of return and volume. Returns filed on paper must be filed on official forms or on acceptable paper substitutes meeting the specifications in Publication 1179.

Do not submit proposed substitutes of Copy A to the National Computer Center.

Your proposed substitutes must comply to the official form and the specifi-

cations outlined in Publication 1179. *DO NOT* submit any substitutes for approval. Only those forms that comply with the official form and the specifications in Publication 1179 are acceptable.

SEC. 13. TO CONTACT THE IRS NATIONAL COMPUTER CENTER

.01 Effective January 1, 1986, magnetic media processing for all service centers was centralized at the IRS National Computer Center. *Please direct all requests for IRS magnetic media related publications, information, undue hardship waivers, extensions or forms to the following addresses* (if Postal Service or land carrier):

Magnetic Media Reporting
Internal Revenue Service
National Computer Center
Post Office Box 1359
Martinsburg, WV 25401-1359

or

Magnetic Media Reporting
Internal Revenue Service
National Computer Center
Route 9 & Needy Road
Martinsburg, WV 25401

Hours of operation at this address will be 8:30 A.M. until 8:00 P.M. Eastern Time Zone. The telephone number is (304) 263-8700.

Requests for paper returns, publications or forms not related to magnetic media processing should be requested from local IRS offices or by calling the toll-free number in your area.

.02 The National Computer Center will process returns filed on magnetic media only. *All information returns, including corrections, filed on paper forms should be submitted to the appropriate service center, not the National Computer Center.* Organizations that file their information returns on magnetic media but that submit their corrected returns on paper forms, refer to the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G" for the service center addresses.

SEC. 14. COMBINED FEDERAL/STATE FILING

.01 The Combined Federal/State Program was established to simplify information returns filing for the taxpayer. IRS will accept, upon prior approval, magnetic tape files containing state reporting information only for those states listed in Table 1 in this section. *FORMS 1098, 1099-A, 1099-B AND W-2G CANNOT BE FILED UNDER THE COMBINED FEDERAL/STATE FILING PROGRAM.*

.02 To request approval to participate in the Combined Federal/State Program, a *"test"* file, *coded for this program*, must be submitted by the transmitter to the IRS National Computer Center between August 15 and December 15 using the revenue procedure that will be used for the actual data files. Blanket approval will not be given to software packages. The *"test"* file is only required for the first year. Once you are approved, you do not need to resubmit "tests" each year, except when notified by IRS. Refer to Part A, Sec. 13 for the address. See Part A, Sec. 5.04 for general guidelines on submission of *"test"* files. Each record, both in the *"test"* file and actual data file, must be 360 positions in length, and the file must conform *exactly* to the revenue procedure for the tax year of the *actual* data. Combined Federal/State records must be coded using each state's dollar criteria from Table 2 of this Section for each *type* of return.

If the *"test"* file is determined to be acceptable, IRS will return it to the filer with Form 6847, Consent For Internal Revenue Service to Release Tax Information. The payer *must* complete Form 6847. The 5 character alpha/numeric Transmitter Control Code must be included on the form. The form should then be returned to IRS before IRS will release tax information to any of the participating states.

Form 6847 must be signed by one of the individuals listed at the bottom of the form. If the form is signed by an attorney-in-fact, the written consent from the taxpayer to the attorney-in-fact must be included with the Form 6847. This consent by language and/or scope must clearly indicate that the attorney-in-fact is empowered to authorize release of the information document returns to the state(s). A separate Form 6847 is required for each payer. A transmitter may not combine payers on one Form 6847 even though acting as attorney-in-fact for several payers. Form 6847 may be photocopied if you receive an insufficient number of the form. If you have filed on this program in the past and have not met these requirements, you must resubmit the Form 6847 with the proper signatures as specified. If you file for multiple payers, only code the records to go to the state(s) for those payers that participate and have properly submitted Form 6847. Do not submit *actual* data records coded for the Combined Federal/State Program without prior approval from IRS.

.03 States that participate in this program and the valid state code assigned to each are listed in Table 1 of this Section. If the state that you wish information released to does *not* participate in the program, do *not* code your records for that state. If the state participates, if you have received prior approval, and if all other conditions are met, IRS will forward the tax information to the participating state at no charge to the filer. You do not need to reapply each year.

.04 *IF CORRECTIONS MUST BE MADE, IRS WILL NOT TRANSMIT CORRECTED RETURNS TO THE STATES; THIS WILL BE THE RESPONSIBILITY OF THE FILER.*

.05 IRS will make no attempt to process files with any deviations. Approval to participate in the Combined Federal/State Program will be revoked if any files are submitted that do not *totally* conform.

.06 IRS is acting as a forwarding agent *ONLY*. Some participating states require separate notification that you are filing in this manner. It is your responsibility to contact the appropriate states for further information.

.07 The appropriate state code should be entered for those documents which meet that state's filing requirements. *It is the filer's responsibility* to determine the state code to be used and to obtain the filing requirements from the appropriate state(s).

.08 If you meet all of the requirements for this program, you *must* provide the state totals from the "K" Record on a separate Form 4804, Transmittal of Information Returns on Magnetic Media (or Form 4802, Transmittal For Multiple Magnetic Media Reporting) or computer generated substitute for each state, *or* you must include a listing which identifies each state and the "K" Record totals for each.

.09 If you have met *ALL* of the above conditions:

(a) You must submit all records using 360 positions which indicate the appropriate coding related to this program.

(b) The "C" Record must be followed by a "K" Record for each state. The "K" Record indicates the number of payees being reported to each particular state.

(c) Payment amount totals and the valid participating state code must be included in the state totals "K" Record. Refer to Part B, Sec. 7, for a description of the "K" Record.

(d) The "K" Record is followed by an end of transmission "F" Record (if this is the last record of the entire file).

.10 Only those states listed in Table 1 below will receive information from IRS. *It is the filer's responsibility to file information returns with states that do not participate in this program.*

TABLE 1. PARTICIPATING STATES AND THEIR CODES

State	*Code*	*State*	*Code*	*State*	*Code*
Alabama	01	Indiana	18	New Jersey	34
Arizona	04	Iowa	19	New Mexico	35
Arkansas	05	Kansas	20	New York	36
California	06	Maine	23	North Carolina	37
Delaware	10	Massachusetts	25	North Dakota	38
District of Columbia	11	Minnesota	27	Oregon	41
Georgia	13	Mississippi	28	South Carolina	45
Hawaii	15	Missouri	29	Tennessee	47
Idaho	16	Montana	30	Wisconsin	55

.11 To simplify filing, several of the participating states have provided lists of their information return reporting requirements (see Table 2). This cumulative list is for information purposes only and represents dollar criteria. For complete information on state filing requirements, contact the appropriate state tax agencies.

TABLE 2. DOLLAR CRITERIA

STATE	*1099-R*	*1099-DIV*	*1099-INT*	*1099-MISC*	*1099-PATR*	*1099-G*	*1099-OID*	*5498*
Alabama	1500	1500	1500	1500	1500	NR	1500	NR
Arizona[a]	300	300	300	300	300	300	300	NR
Arkansas	2500	100	100	2500	2500	2500	2500	[g]
District of Columbia[b]	600	600	600	600	600	600	600	NR
Hawaii	600	10	10 [c]	600	10	all	10	[g]
Idaho	600	10	10	600	10	10	10	[g]
Iowa	1000	100	1000	1000	1000	1000	1000	NR
Minnesota	600	10	10	600	10	10	10	[g]
Missouri	NR	NR	NR	1200 [d]	NR	NR	NR	NR
Montana	600	10	10	600	10	10	10	[g]
New Jersey	1000	1000	1000	1000	1000	1000	1000	NR
New York	600	NR	600	600 [e]	NR	600	NR	NR
North Carolina	100	100	100	600	100	100	100	[g]
Oregon	600[f]	10	10	600	10	10	10	NR
Tennessee	NR	25	25	NR	NR	NR	NR	NR
Wisconsin	500	100	100	100	100	NR	NR	NR

NR—No filing requirement.

Footnotes:

a. These requirements apply to individuals and business entities.

b. Amounts are for aggregates of several types of income from the same payroll.

c. State regulation changing filing requirement from $600 to $10 is pending.

d. The state would prefer those returns filed with respect to non-Missouri residents to be sent directly to the state agency.

e. Aggregate of several types of income.

f. Return required for state of Oregon residents only.

g. Same as Federal requirement for this type of return.

*NOTE: Filing requirements for any state in Table 1 not shown on the above chart are the same as the Federal requirement.

SEC. 15. DEFINITIONS OF TERMS

Element	Description
b	Denotes a blank position. Enter blank(s) when this symbol is used (do *not* enter the letter "b"). This appears in numerous areas throughout the record descriptions.
Coding Range	Indicates the allowable codes for a particular type of statement.
EIN	Employer Identification Number that has been assigned by IRS to the reporting entity.
Excess Golden Parachute Payment	Parachute payments (also called "golden parachutes") are certain payments in the nature of compensation that corporations make to key individuals, often in excess of their usual compensation, in the event that ownership or control of the corporation changes.
File	For purposes of this procedure, a file consists of all magnetic tape records submitted by a Payer or Transmitter.
Payee	Person(s) or organization(s) receiving payments from the Payer, or for whom an information return must be filed.
Payer	Includes the person making payments, a recipient of mortgage interest payments, a broker, a barter exchange, a trustee or issuer of an IRA, SEP or DEC, or a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned. The Payer will be held responsible for the completeness, accuracy and timely submission of magnetic tape files.
Special Character	Any character that is not a numeral, a letter or a blank.
SSA	Social Security Administration.
SSN	Social Security Number.
Taxpayer Identification Number (TIN)	May be either an EIN or SSN.
Transfer Agent (Paying Agent)	The transfer agent or paying agent is the entity who has been contracted or authorized by the payer to perform the services of paying and reporting backup withholding (Form 941). The payer must submit to IRS a Form 2678, Employer Appointment of Agent under Section 3504, which notifies IRS of the transfer agent relationship.
Transmitter	Person or organization preparing magnetic type file(s). May be Payer or agent of Payer.
Transmitter Control Code (TCC)	A *five* character alpha/numeric number assigned by IRS to the transmitter prior to actual filing on magntic media. This number is inserted in the "A" Record of your files and *must* be present before the file can be processed. An application Form 4419 must be filed with IRS to receive this number. See Part A, Sec. 5. (Abbreviation for this term is TCC.)

SEC. 16. U.S. POSTAL SERVICE STATE AND COUNTRY ABBREVIATIONS

.01 You *MUST* use the following U.S. Postal Service state abbreviations and foreign country codes when developing the state code portion of address fields. (This table provides state abbreviations only and does not represent those states participating in the Combined Federal/State Program. For a list of states that participate in the Combined Federal/State Program, refer to Part A, Sec. 14.10.)

State	Code	State	Code	State	Code
Alabama	AL	Kentucky	KY	North Dakota	ND
Alaska	AK	Louisiana	LA	Ohio	OH
Arizona	AZ	Maine	ME	Oklahoma	OK
Arkansas	AR	Maryland	MD	Oregon	OR
California	CA	Massachusetts	MA	Pennsylvania	PA
Colorado	CO	Michigan	MI	Rhode Island	RI
Connecticut	CT	Minnesota	MN	South Carolina	SC
Delaware	DE	Mississippi	MS	South Dakota	SD
District of Columbia	DC	Missouri	MO	Tennessee	TN
Florida	FL	Montana	MT	Texas	TX
Georgia	GA	Nebraska	NE	Utah	UT
Hawaii	HI	Nevada	NV	Vermont	VT
Idaho	ID	New Hampshire	NH	Virginia	VA

State	Code	State	Code	State	Code
Illinois	IL	New Jersey	NJ	Washington	WA
Indiana	IN	New Mexico	NM	West Virginia	WV
Iowa	IA	New York	NY	Wisconsin	WI
Kansas	KS	North Carolina	NC	Wyoming	WY

.02 The following list represents Canadian Provinces and the corresponding code to be associated with each.

Province	Code	Province	Code	Province	Code
Alberta	AB	Yukon Territories	YK	Labrador	LB
Manitoba	MB	British Columbia	BC	New Brunswick	NB
Newfoundland	NF	Nova Scotia	NS	Northwest Territories	NT
Ontario	ON	Prince Edward Island	PE	Saskatchewan	SK
Quebec	PQ				

.03 The following list represents foreign countries and the corresponding code to be associated with each.

Foreign Country	Code	Foreign Country	Code	Foreign Country	Code
Afghanistan	AF	Canary Islands	SP	France	FR
Albania	AL	Cape Verde, Republic of	CV	French Guiana	FG
Algeria	AG	Cayman Islands	CJ	French Polynesia	FP
American Samoa	AQ	Central Africa Republic	CT	French Southern & Antarctic Lands	FS
Andorra	AN	Chad	CD	Gabon	GB
Angola	AO	Channel Islands	OC	Gambia, The	GA
Antarctica	AY	Chile	CI	German Democratic Republic	GC
Antigua & Barbuda	AC	China (Peking)	CH	(East Germany)	
Argentina	AR	China (Taiwan)	TW	Germany, Federal Republic of	GE
Australia	AS	Christmas Islands	KT	(West Germany)	
Austria	AU	Cocos (Kneeling) Islands	CK	Ghana	GH
Azores	PO	Colombia	CO	Gibraltar	GI
Bahamas, The	BF	Comoros	CN	Gilbert Islands	GS
Bahrain	BA	Congo	CF	Greece	GR
Bangladesh	BG	Cook Islands	CW	Greenland	GL
Barbados	BB	Costa Rica	CS	Grenada	GJ
Belgium	BE	Cuba	CU	Guadeloupe	GP
Belize (Formerly British		Cyprus	CY	Guam	GQ
Honduras)	BH	Czechoslovakia	CZ	Guatemala	GT
Benin (Formerly Dahomey)	DM	Denmark	DA	Guinea	GV
Bermuda	BD	Djibouti (Formerly Afars & Issas)	DJ	Guinea-Bissau	PU
Bhutan	BT	Dominica	DO	Guyana	GY
Bolivia	BL	Dominican Republic	DR	Haiti	HA
Botswana	BC	Ecuador	EC	Heard Island & McDonald Island	HM
Brazil	BR	Egypt	EG	Honduras	HO
British Indian Ocean Territory	IO	El Salvador	ES	Hong Kong	HK
British Virgin Islands	VI	England	UK	Hungary	HU
Brunei	BX	Equatorial Guinea	EK	Iceland	IC
Bulgaria	BU	Ethiopia	ET	India	IN
Burma	BM	Falkland Islands	FA	Indonesia	ID
Burundi	BY	(Also known as		Iran (Also known as Persia)	IR
Cambodia	CB	Islas Malvinas)		Iraq	IZ
Cameroon	CM	Faroe Islands	FO	Ireland	EI
Canada	CA	Fiji	FJ	Isle of Man	OC
Canton & Enderbury Islands	EQ	Finland	FI	Israel	IS

Form **4419** (Rev. March 1986)	Department of the Treasury — Internal Revenue Service **Application for Magnetic Media Reporting of Information Returns**	**IRS Use Only**	OMB No. 1545-0387 Expires: 7-31-88

1. Name and address of organization *(street, city, State and ZIP code)*	2. Person to contact about this request Name: Title: Telephone number: *(include area code)*
3. Employer identification number	4. Tax year for which you are requesting authorization to file on magnetic media

5. **Documents To Be Reported** *(Check all that you wish to file on magnetic media)*

Form	Form	Form	Form
☐ W-2G	☐ 1099-B	☐ 1099-OID	☐ 8027
☐ W-4	☐ 1099-DIV	☐ 1099-PATR	☐
☐ 1042S	☐ 1099-G	☐ 1099-R	☐
☐ 1098	☐ 1099-INT	☐ 5498	☐
☐ 1099-A	☐ 1099-MISC	☐ 6248	☐

Do NOT file Forms W-2 or W-2P with IRS. Submit that information to the Social Security Administration.

6. **Kind of equipment on which media will be prepared**

Please check the type of media you plan to file and provide the requested information for that type of media.

Type of Media	Main Frame	Drive Unit	Recording Mode	Track	Software
☐ Magnetic Tape 1/2" Only			☐ EBCDIC ☐ ASCII ☐ BCD	☐ 7 ☐ 9	
☐ 8" Diskette			☐ EBCDIC Only		
☐ 5-1/4" Diskette			☐ ASCII Only		
☐ Cassette	Burroughs Only		☐ EBCDIC ☐ ASCII		
☐ Mini-Disk	Burroughs Only		☐ ASCII Only		

7. If you are acting as transmitter, please list the name and employer identification number of each filer for whom you will prepare magnetic media on a separate sheet and attach it to this application.

8. **Person responsible for preparation of tax reports**	Name *(type or print)*	Title
	Signature	Date

For Paperwork Reduction Act Notice, see back of this form. Form **4419** (Rev. 3-86)

Instructions for Form 4419

File **Form 4419** to request authorization to file any of the forms shown in Block 5 on magnetic media. Please be sure to complete all appropriate blocks. For further information, contact a magnetic media coordinator at the National Computer Center address given below under "Filing Your Application," or by telephone at (304) 263-8700.

Block 1

Enter the name and complete address of the person or organization that will prepare and submit the magnetic media.

Block 4

Show the tax year for which you are requesting authorization to file on magnetic media.

Block 5

Check the boxes next to all of the returns you will file with IRS on magnetic media.

Block 6

Note: The only type of magnetic media on which you can report Forms 1042-S, 6248, 8027 and W-4 is 1/2 inch magnetic tape.

Enter the information requested for the type of magnetic media you intend to submit. Check the appropriate boxes. Enter the name of the manufacturer and the model number or name under "Main Frame" and "Drive Unit." Under "Software," indicate whether the software was purchased or is self-programmed. If purchased, provide the name of the software company.

Block 7

If you will be preparing returns on magnetic media for filers other than yourself, attach to your application a list of names and employer identification numbers of the other filers. If you add or delete any names from your file, submit an updated list to IRS.

Block 8

The form must be signed and dated by an official of the company or organization requesting authorization to report on magnetic media.

Filing Your Application

1. Mail the completed application and any attached lists 90 days before the due date of the returns to:

If by Postal Service,
Magnetic Media Reporting
Internal Revenue Service
National Computer Center
P.O. Box 1359
Martinsburg, WV 25401-1359

If by truck or air freight,
Magnetic Media Reporting
Internal Revenue Service
National Computer Center
Route 9 and Needy Road
Martinsburg, WV 25401

2. IRS will approve or disapprove your application within 30 days of its receipt. Do not submit magnetic media until you receive an authorization letter.

3. After authorization is received, we encourage new filers to submit test data on magnetic media before the filing season. If you want to submit test data, contact the magnetic media coordinator.

4. Your authorization will be valid as long as the magnetic media submitted conforms to the specifications of the applicable revenue procedures. A new application is not required in following years unless magnetic media filing has been discontinued and you wish to resume it.

PAPERWORK REDUCTION ACT NOTICE

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that the magnetic media you are using will be compatible with our processing equipment. The information is also used to more efficiently schedule and manage its processing at the National Computer Center. You are required to give us this information.

Form **4419**
(Rev. March 1986)

Department of the Treasury — Internal Revenue Service

Application for Magnetic Media Reporting of Information Returns

IRS Use Only

OMB No. 1545-0387
Expires: 7-31-88

1. Name and address of organization *(street, city, State and ZIP code)*

2. Person to contact about this request
   Name:
   Title:
   Telephone number: *(include area code)*

3. Employer identification number

4. Tax year for which you are requesting authorization to file on magnetic media

5. **Documents To Be Reported** *(Check all that you wish to file on magnetic media)*

Form	Form	Form	Form
☐ W-2G	☐ 1099-B	☐ 1099-OID	☐ 8027
☐ W-4	☐ 1099-DIV	☐ 1099-PATR	☐
☐ 1042S	☐ 1099-G	☐ 1099-R	☐
☐ 1098	☐ 1099-INT	☐ 5498	☐
☐ 1099-A	☐ 1099-MISC	☐ 6248	☐

Do NOT file Forms W-2 or W-2P with IRS. Submit that information to the Social Security Administration.

6. **Kind of equipment on which media will be prepared**

Please check the type of media you plan to file and provide the requested information for that type of media.

Type of Media	Main Frame	Drive Unit	Recording Mode	Track	Software
☐ Magnetic Tape 1/2" Only			☐ EBCDIC ☐ ASCII ☐ BCD	☐ 7 ☐ 9	
☐ 8" Diskette			☐ EBCDIC Only		
☐ 5-1/4" Diskette			☐ ASCII Only		
☐ Cassette	Burroughs Only		☐ EBCDIC ☐ ASCII		
☐ Mini-Disk	Burroughs Only		☐ ASCII Only		

7. If you are acting as transmitter, please list the name and employer identification number of each filer for whom you will prepare magnetic media on a separate sheet and attach it to this application.

8. **Person responsible for preparation of tax reports**

Name *(type or print)* | Title

Signature | Date

For Paperwork Reduction Act Notice, see back of this form.

Form **4419** (Rev. 3-86)

Instructions for Form 4419

File **Form 4419** to request authorization to file any of the forms shown in Block 5 on magnetic media. Please be sure to complete all appropriate blocks. For further information, contact a magnetic media coordinator at the National Computer Center address given below under "Filing Your Application," or by telephone at (304) 263-8700.

Block 1

Enter the name and complete address of the person or organization that will prepare and submit the magnetic media.

Block 4

Show the tax year for which you are requesting authorization to file on magnetic media.

Block 5

Check the boxes next to all of the returns you will file with IRS on magnetic media.

Block 6

Note: The only type of magnetic media on which you can report Forms 1042-S, 6248, 8027 and W-4 is 1/2 inch magnetic tape.

Enter the information requested for the type of magnetic media you intend to submit. Check the appropriate boxes. Enter the name of the manufacturer and the model number or name under "Main Frame" and "Drive Unit." Under "Software," indicate whether the software was purchased or is self-programmed. If purchased, provide the name of the software company.

Block 7

If you will be preparing returns on magnetic media for filers other than yourself, attach to your application a list of names and employer identification numbers of the other filers. If you add or delete any names from your file, submit an updated list to IRS.

Block 8

The form must be signed and dated by an official of the company or organization requesting authorization to report on magnetic media.

Filing Your Application

1. Mail the completed application and any attached lists 90 days before the due date of the returns to:

If by Postal Service,
Magnetic Media Reporting
Internal Revenue Service
National Computer Center
P.O. Box 1359
Martinsburg, WV 25401-1359

If by truck or air freight,
Magnetic Media Reporting
Internal Revenue Service
National Computer Center
Route 9 and Needy Road
Martinsburg, WV 25401

2. IRS will approve or disapprove your application within 30 days of its receipt. Do not submit magnetic media until you receive an authorization letter.

3. After authorization is received, we encourage new filers to submit test data on magnetic media before the filing season. If you want to submit test data, contact the magnetic media coordinator.

4. Your authorization will be valid as long as the magnetic media submitted conforms to the specifications of the applicable revenue procedures. A new application is not required in following years unless magnetic media filing has been discontinued and you wish to resume it.

PAPERWORK REDUCTION ACT NOTICE

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that the magnetic media you are using will be compatible with our processing equipment. The information is also used to more efficiently schedule and manage its processing at the National Computer Center. You are required to give us this information.

Form **8508**
(June 1986)

Department of the Treasury — Internal Revenue Service

Request for Waiver From Filing Information Returns on Magnetic Media

(Forms W-2/W-2P, W-2G, 1042S, 1098, 1099 Series, 5498, 6248 and 8027)

Waiver requested for tax year **19**____

Return both copies of this form to IRS

OMB Number 1545-0937
Expires: 04-30-89

1. Filer name	2. Federal identification number *(EIN/SSN)*	For IRS Use Only
3. Address *(Number, street, city, state, and ZIP code)*		

4. Person to contact about this request if IRS needs additional information	5. Title	6. Telephone no. ( )

7. Waiver requested for *(Enter one form no. only)* Form_____	8. Est. volume of form for tax year above	9. Estimated volume of form for following tax year	10. Estimated conversion cost for self-prepared magnetic media $_____

11. Cost to file on magnetic media using the services of a service bureau or other third party *(Attach statements from two service bureaus or other third parties.)* $_____	12. If you expect to file any forms shown in the title block of this form on magnetic media for the tax year of this waiver request, enter the total volume of all such forms.

13. If you are unable to file on magnetic media for the tax year entered above, will you file on magnetic media for the following tax year? *(Please attach explanation.)* ☐ Yes ☐ No	Complete Only If Requesting Waiver For Form W-2	
	14. Estimated number of full-time permanent employees for whom Forms W-2 will be filed	15. Estimated number of all employees for whom Forms W-2 will be filed

16. Check the box below if you are requesting a waiver because—

(a) You are unable to produce magnetic media yourself, and
(b) Service bureaus have refused to file for you on magnetic media because of the number of forms you must file ..... ☐

Please attach written statements from two service bureaus indicating they will not produce magnetic media for you because of the volume of forms you must file.

Certification	Under penalties of perjury, I declare that I have examined this document, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.
	Signature
	Title / Date

Paperwork Reduction Act Notice	We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Instructions for Completing Form 8508

General

Use this form to request a waiver from filing Forms W-2, W-2P, W-2G, 1042S, 1098, 1099 series, 5498, 6248, or 8027 on magnetic media for the tax year you indicate on this form. A separate Form 8508 must be filed for each type of form and for each tax year for which you are requesting a waiver. Return both copies of the completed Form 8508 to the IRS. After evaluating your request for waiver, IRS will notify you as to whether your request is granted or denied.

When to file.

For Forms W-2 or W-2P only: For tax year 1986, file Form 8508 on or before July 31, 1986. For tax year 1987, file on or before June 30, 1987.

All other forms: File Form 8508 at least 90 days before the due date of the returns for which you are requesting a waiver.

Where to file.—Send both copies of the completed form(s) to—

Magnetic Media Reporting
Internal Revenue Service
National Computer Center
P. O. Box 1359
Martinsburg, WV 25401-1359

Penalty.—If you are required to file on magnetic media but fail to do so, and you do not have an approved waiver on record, you may be subject to a penalty of $50 per return for failure to file unless you establish reasonable cause or, in some cases, due diligence. *(A different penalty may be imposed for failure to file Forms 1042S.)*

Specific

Please complete each item on this form, as appropriate. Failure to properly complete this form may cause delay in processing your request. In the space provided at the top of this form, enter the tax year for which you are requesting a waiver. Only one tax year can be entered because waivers are considered for only one year at a time. If you wish to request another waiver for the following year, you must wait and submit a separate request.

Items 1 through 7: Self-explanatory.

Item 8: For the form number entered in item 7, enter the total number of the forms you expect to file for the tax year shown on this form; e.g., 1,000.

Item 9: Enter the total number of the form shown in item 7 you expect to file for the tax year following the tax year shown on this form.

Item 10: Enter the cost to prepare your magnetic media submission on equipment you already have or on equipment that you would need to purchase. Include the cost of any new equipment.

Item 11: Enter the estimated cost to file on magnetic media using the services of a service bureau or other third party. Attach written estimates from two service bureaus or other third parties.

Items 12 through 16: Self-explanatory.

Certification
Signature: The waiver request must be signed by you or a person who is duly authorized to sign a return, statement, or other document.

Form **8508**
(June 1986)

Department of the Treasury — Internal Revenue Service

Request for Waiver From Filing Information Returns on Magnetic Media

(Forms W-2/W-2P, W-2G, 1042S, 1098, 1099 Series, 5498, 6248 and 8027)

Waiver requested for tax year **19**____

Return both copies of this form to IRS

OMB Number 1545-0937
Expires: 04-30-89

1. Filer name

2. Federal identification number *(EIN/SSN)*

For IRS Use Only

3. Address *(Number, street, city, state, and ZIP code)*

4. Person to contact about this request if IRS needs additional information

5. Title

6. Telephone no.
( )

7. Waiver requested for *(Enter one form no. only)*
Form _____

8. Est. volume of form for tax year above

9. Estimated volume of form for following tax year

10. Estimated conversion cost for self-prepared magnetic media
$ _____

11. Cost to file on magnetic media using the services of a service bureau or other third party *(Attach statements from two service bureaus or other third parties.)*
$ _____

12. If you expect to file any forms shown in the title block of this form on magnetic media for the tax year of this waiver request, enter the total volume of all such forms.

13. If you are unable to file on magnetic media for the tax year entered above, will you file on magnetic media for the following tax year? *(Please attach explanation.)*
☐ Yes ☐ No

Complete Only If Requesting Waiver For Form W-2

14. Estimated number of full-time permanent employees for whom Forms W-2 will be filed

15. Estimated number of all employees for whom Forms W-2 will be filed

16. Check the box below if you are requesting a waiver because—

(a) You are unable to produce magnetic media yourself, and
(b) Service bureaus have refused to file for you on magnetic media because of the numberof forms you must file . . . . . ☐

Please attach written statements from two service bureaus indicating they will not produce magnetic media for you because of the volume of forms you must file.

Certification

Under penalties of perjury, I declare that I have examined this document, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature

Title

Date

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Instructions for Completing Form 8508

General

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All other forms: File Form 8508 at least 90 days before the due date of the returns for which you are requesting a waiver.

Where to file.—Send both copies of the completed form(s) to—

Magnetic Media Reporting
Internal Revenue Service
National Computer Center
P. O. Box 1359
Martinsburg, WV 25401-1359

Penalty.—If you are required to file on magnetic media but fail to do so, and you do not have an approved waiver on record, you may be subject to a penalty of $50 per return for failure to file unless you establish reasonable cause or, in some cases, due diligence. *(A different penalty may be imposed for failure to file Forms 1042S.)*

Specific

Please complete each item on this form, as appropriate. Failure to properly complete this form may cause delay in processing your request. In the space provided at the top of this form, enter the tax year for which you are requesting a waiver. Only one tax year can be entered because waivers are considered for only one year at a time. If you wish to request another waiver for the following year, you must wait and submit a separate request.

Items 1 through 7: Self-explanatory.

Item 8: For the form number entered in item 7, enter the total number of the forms you expect to file for the tax year shown on this form; e.g., 1,000.

Item 9: Enter the total number of the form shown in item 7 you expect to file for the tax year following the tax year shown on this form.

Item 10: Enter the cost to prepare your magnetic media submission on equipment you already have or on equipment that you would need to purchase. Include the cost of any new equipment.

Item 11: Enter the estimated cost to file on magnetic media using the services of a service bureau or other third party. Attach written estimates from two service bureaus or other third parties.

Items 12 through 16: Self-explanatory.

Certification Signature: The waiver request must be signed by you or a person who is duly authorized to sign a return, statement, or other document.

Foreign Country	Code
Italy	IT
Ivory Coast	IV
Jamaica	JM
Japan	JA
Johnston Atoll	JQ
Jordan	JO
Kenya	KE
Korea, Democratic Peoples Republic of (North Korea)	KN
Korea, Republic of (South Korea)	KS
Kuwait	KU
Laos	LA
Lebanon	LE
Lesotho	LT
Liberia	LI
Libya	LY
Liechtenstein	LS
Luxembourg	LU
Macao	MC
Madagascar	MA
Malawi	MI
Malaysia	MY
Maldives	MV
Mali	ML
Malta	MT
Martinique	MB
Mauritania	MR
Mauritius	MP
Mexico	MX
Midway Islands	MQ
Monaco	MN
Mongolia	MG
Montserrat	MH
Morocco	MO
Mozambique	MZ
Nauru	NR
Navassa Island	BQ
Nepal	NP
Netherlands (Also called Holland)	NL
Netherlands Antilles	NA
New Caledonia	NC
Vanuata (Also called New Hebrides)	NH
New Zealand	NZ
Nicaragua	NU
Niger	NG
Nigeria	NI
Niue	NE
Norfolk Island	NF
Northern Ireland	UK
Norway	NO
Oman	MU
Pakistan	PK
Panama	PN
Papua-New Guinea	PP
Paracel Islands	PF
Paraguay	PA
Peru	PE
Philippines	RP
Pitcairn	PC
Poland	PL
Portugal	PO
Portuguese Timor	PT
Puerto Rico	RQ
Qatar	QA
Reunion	RE
Romania	RO
Rwanda	RW
St. Christopher-Nevis-Anguilla (Also called St. Kitts)	SC
St. Helena	SH
St. Lucia	ST
St. Pierre & Miquelon	SB
St. Vincent	VC
San Marino	SM
Sao Tome and Principe	TP
Saudi Arabia	SA
Scotland	UK
Senegal	SG
Seychelles	SE
Sierra Leone	SL
Singapore	SN
Solomon Islands	BP
Somalia	SO
South Africa	SF
Southern Rhodesia	RH
Souty-West Africa (Also called Namibia)	WA
Spain	SP
Spratly Islands	PG
Sri Lanka (Also called Ceylon)	CE
Sudan	SU
Surinam	NS
Svalbard & Jan Mayen	JS
Swaziland	WZ
Sweden	SW
Switzerland	SZ
Syria	SY
Tanzania	TZ
Thailand	TH
Togo	TO
Tokelau Islands	TL
Tonga	TN
Trinidad & Tobago	TD
Trust Territory of the Pacific Islands	TQ
Tunisia	TS
Turkey	TU
Turks & Caicos Islands	TK
Tuvalu (Also called Ellice Islands)	TV
Uganda	UG
Union of Soviet Socialist Republics	UR
United Arab Emirates	TC
United Kingdom	UK
United States	US
Upper Volta	UV
Uruguay	UY
Vatican City	VT
Venezuela	VE
Vietnam	VM
Virgin Islands of the U.S.	VQ
Wake Island	WQ
Wales	UK
Wallis & Futuna	WF
Western Sahara	WI
Western Samoa	WS
Yemen (South)	YS
Yemen (North)	YE
Yugoslavia	YO
Zaire	CG
Zambia	ZA
Zimbabwe	RH

PART B. TAPE SPECIFICATIONS

SECTION 1. GENERAL

.01 The specifications contained in this part of the revenue procedure define the required format and contents of the records to be included in the tape file. These specifications must be adhered to unless deviations have been specifically granted by IRS.

.02 In most instances, IRS will be able to process any compatible tape files. Tape files must be EBCDIC, ASCII or BCD and must meet the following criteria:

(a) 9 track EBCDIC (Extended Binary Coded Decimal Interchange Code) with

(1) Odd Parity and

(2) A density of 800, 1600, or 6250 BPI.

(3) If you use UNIVAC Series 1100, you must submit an interchange tape.

(b) 9 track ASCII (American Standard Coded Information Interchange) with

(1) Odd Parity and

(2) A density of 800, 1600, or 6250 BPI.

(c) 7 track BCD (Binary Coded Decimal) with

(1) Either Even or Odd Parity and

(2) A density of 556 or 800 BPI. (IRS will accept and process 7 track tapes; however, 9 track is preferred.)

Please be consistent in the use of recording codes and density on your files. Enter the recording code and density on the exterior label. If files are

generated in more than one recording code and/or density, multiple shipments would be appreciated.

.03 All compatible tape files must have the following characteristics:

Type of tape—0.5 inch (12.7 mm) wide, computer grade magnetic tape on reels of up to 2400 feet (731.52 m) within the following specifications:

(a) Tape thickness: 1.0 or 1.5 mils and

(b) Reel diameter: 10.5 inch (26.67 cm), 8.5 inch (21.59 cm), or 7 inch (17.78 cm).

.04 Payers who can substantially conform to these specifications, but who require some minor deviations, MUST contact the National Computer Center. Under no circumstances may tapes deviating from the specifications in this revenue procedure be submitted without prior approval from IRS. If you file on the Combined Federal/State Program, your files must conform totally to this revenue procedure.

.05 An external affixed label, Form 5064, must appear on each tape submitted for processing. The following information is needed:

(a) The transmitter's name.

(b) The five character alpha/numeric Transmitter Control Code.

(c) State of sender (*e.g.*, NY).

(d) Tape density.

(e) Checkbox (indicates whether tape contains header label or is unlabeled).

(f) Track (7 or 9).

(g) Recording code (*e.g.*, EBCDIC or ASCII).

(h) The tax year of the data (*e.g.*, 1986).

(i) Document types (*e.g.*, 1099-INT).

(j) The total number of "B" Records after each "A" Record (this figure is taken from the "C" Records).

(k) A number assigned by the transmitter to the tape.

(l) The sequence of each tape (*e.g.*, 001 of 008).

The external media label, Form 5064, was updated for tax year 1986. You must use the updated label. This information will assist IRS in processing the file or in locating a file, should the transmitter request that it be returned due to errors. *IRS advises that special shipping containers not be used for transmitting data since it cannot be guaranteed that they will be returned.*

SEC. 2. RECORD LENGTH

.01 The tape records defined in this revenue procedure may be blocked or unblocked, subject to the following:

(a) A block must not exceed 10,000 tape positions.

(b) A record must be a minimum of 200 positions and a maximum of 360 positions. *A FIXED RECORD OF 360 POSITIONS IS RECOMMENDED.* If you report as a Combined Federal/State filer, the length *must* be 360 for all records: A, B, C, K, and F. Use a "K" Record *only* if you are an approved Combined Federal/State filer.

(c) If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9's. Do not pad a block with blanks.

(d) All records except the Header and Trailer Labels, may be blocked.

(e) Records may not span blocks.

.02 A provision is made in the Payee "B" Records for special data entries. These entries are optional. If the field is utilized, it must be present on all Payee "B" Records. The field is intended to serve one or both of these purposes:

(a) Contain information required by state or local governments. Filers who wish to use this option for satisfying state or local reporting requirements should contact their state or local department of revenue for filing instructions. Also refer to Part A, Sec. 14.

(b) Facilitate making all records the same length.

SEC. 3. LABEL CHARACTERISTICS

For the purposes of this revenue procedure the following must be used.

Header Label:

1. The Header Label and data must be in the same recording mode.

2. Consist of a maximum of 80 positions.

IRS PREFERS STANDARD OR ANSI LABELED TAPES. IF YOU SUBMIT AN UNLABELED TAPE, THIS *MUST* BE INDICATED ON THE EXTERNAL LABEL AND ON THE FORM 4804 OR COMPUTER GENERATED SUBSTITUTE.

Trailer Label:

1. Standard trailer labels may be used provided that they begin with 1EOR, 1EOF, EOR1, EOF1, EOV1 or EOV2.

2. Consist of a maximum of 80 positions.

Tape Mark:

1. Used to signify the physical end of the recording on tape.

2. For even parity, use BCD configuration 001111 ("8421").

3. May follow the header label and precede and/or follow the trailer label.

SEC. 4. PAYER/TRANSMITTER "A" RECORD

.01 Identifies the payer and transmitter of the tape file and provides parameters for the succeeding Payee "B" Records. IRS computer programs rely on the absolute relationship between the parameters and data fields in the "A" Record and the data fields in the "B" Records to which they apply.

.02 The number of "A" Records appearing on a tape reel will depend on the number of payers and the different types of returns being reported. After the header label on the tape, the first record appearing in the file must be an "A" Record. For magnetic tape filing, the *actual* record lengths for the "A" and "B" Records must agree with whatever is entered in tape positions 28–30 and 31–33 of the "A" Record. A transmitter may include Payee "B" Records for more than one payer on a tape reel; however, each GROUP of Payee "B" Records must be preceded by an "A" Record. A single tape reel may also contain different types of returns, but the types of returns *must* not be intermingled. A separate "A" Record is required for each payer and each type of return being reported. An "A" Record may be blocked with "B" Records; however, the initial record on a *file* must be an "A" Record. The IRS will accept an "A" Record after a "C" Record; but *RECORDS MAY NOT SPAN BLOCKS.* Do not begin any record at the end of a block and continue the same record into the next block.

.03 All alpha characters entered in the "A" Record should be uppercase.

.04 *WHEN REPORTING FORM 1098, "MORTGAGE INTEREST STATEMENT," THE "A" RECORD WILL REFLECT THE NAME OF THE RECIPIENT OF THE INTEREST. THE "B" RECORD WILL REFLECT THE INDIVIDUAL PAYING THE INTEREST AND THE AMOUNT PAID.*

RECORD NAME: PAYER/TRANSMITTER "A" RECORD

Tape Position	Field Title	Length	Description and Remarks
1	Record Type	1	REQUIRED. Enter "A".
2	Payment Year	1	REQUIRED. Must be the right most digit of the year for which information is being reported. (*e.g.*, if payments were made in 1986, enter "6"). Must be incremented each year.
3–5	Reel Sequence Number	3	REQUIRED. The reel sequence number incremented by 1, for each tape reel on the file starting with 001.
6–14	Payer's Federal EIN	9	REQUIRED. Must be the *valid* 9-digit number assigned to the payer by IRS. DO NOT ENTER HYPHENS, ALPHA CHARACTERS, ALL 9s OR ALL ZEROS. (Also see Part A, Sec. 11.07.)
15	Blank	1	REQUIRED. Enter blank.
16	Combined Federal/State Filer	1	REQUIRED. Enter the appropriate code from the table below. *Prior approval* is required. A Consent Form 6847 *must* be submitted to IRS before tax information will be released to the States. Refer to Part A, Sec. 14.11 for money criteria. Not all states participate in this program. If the Payer/Transmitter is not participating in the Combined Federal/State Filing Program, enter blanks. (Refer to Part A, Sec. 14 for the requirements that *must* be met *prior* to actual participation in this program.) Forms 1098, 1099-A, 1099-B and W-2G cannot be filed on this program. Filers who participate in this program must incorporate state totals into corresponding "K" Records as described in Part B, Sec. 7. *Code* — *Meaning* 1 — Participating in the Combined Federal/State Filing Program. Blank — Not participating.
17	Type of Return	1	REQUIRED. Enter appropriate code from table below: *Type of Return* — *Code* 1098 — 3 1099-A — 4 1099-B — B 1099-DIV — 1 1099-G — F 1099-INT — 6 1099-MISC — A 1099-OID — D 1099-PATR — 7 1099-R — 9 5498 — L W-2G — W
18–26	Amount Indicators	9	REQUIRED. *In most cases, the boxes or Amount Indicators on paper information returns correspond with the Amount Codes used to file on magnetic media; however, should you notice discrepancies between this revenue procedure and paper forms, please disregard them and program according to this revenue procedure for your returns filed on magnetic media.* For specific instructions on information to be reported in each Amount Code, refer to the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G." The amount indicators entered for a given type of return indicate type(s) of payment(s) which were made. For each Amount Code entered in

Tape Position	Field Title	Length	Description and Remarks
			this field, a corresponding payment amount must appear in the Payee "B" Record. Example: If position 17 of the Payer/Transmitter "A" Record is "6" (for 1099-INT) and positions 18–26 are "123bbbbbb," this indicates that 3 payment amount fields are present in all of the following Payee "B" Records. The first payment amount field in the Payee "B" Record will represent Earnings from savings and loan associations, credit unions, bank deposits, bearer certificates of deposit, etc., the second will represent Amount of forfeiture and the third will represent Federal income tax withheld. Enter the Amount Indicators in ASCENDING SEQUENCE (*i.e.*, 1247bbbbb), left-justify, filling unused positions with blanks. For any further clarification of the Amount Indicator codes, you may contact the National Computer Center.
	Amount Indicators Form 1098—Mortgage Interest Statement (See NOTE)		For Reporting Interest Received from Payers on Form 1098: Amount Code — Amount Type 1 — Mortgage interest received from payer(s) 2 — Optional field for items such as real estate taxes or insurance paid from escrow
			NOTE: THE PERSON FOR WHOM YOU ARE RECEIVING THE INTEREST NEED NOT FILE FORM 1098, AND NO ADDITIONAL REPORTING IS REQUIRED FOR THE TRANSFER OF THE INTEREST FROM THE SERVICING BANK TO THE LENDER.
	Amount Indicators Form 1099-A—Acquisition or Abandonment of Secured Property		For Reporting the Acquisition or Abandonment of Secured Property on Form 1099-A: Amount Code — Amount Type 2 — Amount of debt outstanding 3 — Amount of debt satisfied 4 — Fair market value of property at acquisition or abandonment
	Amount Indicators Form 1099-B—Proceeds Form Broker and Barter Exchange Transactions		For Reporting Payments on Form 1099-B: Amount Code — Amount Type 2 — Stocks, bonds, etc. (For Forward Contracts see NOTE below.) 3 — Bartering 4 — Federal income tax withheld 6 — Profit (or loss) realized in 1986 7 — Unrealized profit (or loss) on open contracts—12/31/86 8 — Unrealized profit (or loss) on open contracts—12/31/86 9 — Aggregate profit (or loss)
			NOTE: The Payment Amount field associated with Amount Code 2 may be used to represent a loss when the reporting is for Forward Contracts. Refer to Payee "B" Record-General Field Descriptions, Payment Amount Fields, for instructions in reporting negative amounts.
	Amount Indicators Form 1099-DIV—Dividends and Distributions		For Reporting Payments on Form 1099-DIV: Amount Code — Amount Type 1 — Gross dividends and other distributions on stock

RECORD NAME: PAYER/TRANSMITTER "A" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
			2 Dividends qualifying for exclusion 3 Dividends not qualifying for exclusion 4 Federal income tax withheld 5 Capital gain distributions 6 Nontaxable distributions (if determinable) 7 Foreign tax paid 8 Cash liquidation distributions 9 Noncash liquidation distributions (Show fair market value)
	Amount Indicators Form 1099-G—Certain Government Payments		For Reporting Payments on Form 1099-G: Amount Code — Amount Type 1 Unemployment compensation 2 State or local income tax refunds 4 Federal income tax withheld 5 Discharge of indebtedness 6 Taxable grants 7 Agriculture payments
	Amount Indicators Form 1099-INT—Interest Income		For Reporting Payments on Form 1099-INT: Amount Code — Amount Type 1 Earnings from savings and loan associations, credit unions, bank deposits, bearer certificates of deposit, etc. 2 Amount of forfeiture 3 Federal income tax withheld 4 Foreign tax paid (if eligible for foreign tax credit) 5 U.S. Savings Bonds, etc.
	Amount Indicators Form 1099-MISC—Miscellaneous Income (See Notes 1, 2 and 3)		For Reporting Payments on Form 1099-MISC: Amount Code — Amount Type 1 Rents 2 Royalties 3 Prizes and awards 4 Federal income tax withheld 5 Fishing boat proceeds 6 Medical and health care payments 7 Nonemployee compensation 8 Direct sales *"indicator"* (see NOTE 1) 9 Substitute payments in lieu of dividends or interest (see NOTE 2)

NOTE 1: Use Amount Code "8" to report that *direct sales* of consumer products of $5,000 or more to the payee on a buy-sell, deposit-commission, or any other basis *for resale* were made. Do not use this indicator for sales of less than $5,000. The use of Amount Code "8" actually reflects an *indicator* of *direct sales* and not an actual payment amount or amount code. The corresponding payment amount field in the Payee "B" Record MUST be reflected as 0000000100. This does not mean that a payment of $1.00 was made or is being reported. The use of Amount Code "8" relates directly to tape position "4," Document Specific Code and NOTE 2 of the Payment Amount Field in the Payee "B" Record. (If you use Amount Code "8" in the "A" Record, you will enter a "1" in tape position "4" of the "B" Record. For any other 1099-MISC Amount Codes, you will enter a "0" (zero) in tape position "4" of the "B" Record.)

NOTE 2: Brokers are subject to a reporting requirement for payments received after 1984. Brokers who trans-

Tape Position	Field Title	Length	Description and Remarks

fer securities of a customer for use in a short sale must use Amount Code 9 to report the aggregate payments received in lieu of dividends or tax-exempt interest on behalf of a customer while the short sale was open. Generally, for substitute payments in lieu of dividends, a broker is required to file a Form 1099-MISC for each affected customer who is *not* an individual. Refer to the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G" for detailed information. The instructions are available from IRS offices.

NOTE 3: If you are reporting Excess Golden Parachute Payments, use paper Forms 1099-MISC. Do not report these payments on magnetic media. See Part A, Sec. 15 for a definition of an Excess Golden Parachute Payment.

Amount Indicators Form 1099-OID—Original Issue Discount

For Reporting Payments on Form 1099-OID:

Amount Code	Amount Type
1	Total original issue discount for 1986
2	Other periodic interest (the regular interest paid on this obligation without regard to any original issue discount)
3	Amount of forfeiture
4	Federal income tax withheld

Amount Indicators Form 1099-PATR—Taxable Distributions Received From Cooperatives

For Reporting Payments on Form 1099-PATR:

Amount Code	Amount Type
1	Patronage dividends
2	Nonpatronage distributions
3	Per-unit retain allocations
4	Federal income tax withheld
5	Redemption of nonqualified notices and retain allocations
6	Investment credit (See NOTE)
7	Energy investment credit (See NOTE)
8	Jobs credit (See NOTE)

NOTE: The amounts shown for Amount Indicators "6," "7" and "8" must be reported to the payee; however, since these amounts are not taxable, they need not be reported to IRS.

Amount Indicators Form 1099-R—Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc. (See NOTE)

For Reporting Payments on Form 1099-R:

Amount Code	Amount Type
1	Amount includible as income (add amounts in codes 2 and 3)
2	Capital gain (for lump-sum distributions only)
3	Ordinary income
4	Federal income tax withheld
5	Employee contributions (profit-sharing or retirement plans) or insurance premiums
6	IRA, SEP or DEC distributions
7	State income tax withheld
8	Net unrealized appreciation in employer's securities
9	Other

NOTE: A distribution from a KEOGH plan should be reported in Amount Codes 1, 2 and 3 as appropriate.

Amount Indicators Form 5498—Individual Retirement Arrangement Information

For Reporting Payments on Form 5498:

Amount Code	Amount Type
1	Regular SEP contributions made in 1986 and 1987

RECORD NAME: PAYER/TRANSMITTER "A" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
			for 1986. Include only employer contributions here. Enter any employee contributions to a SEP in Code 3.
			2 Rollover IRA, SEP or DEC contributions
			3 Regular IRA or DEC contributions made in 1986 and 1987 for 1986
			4 Life insurance cost included in Code 1 or 3 (for endowment contracts only)
			NOTE: Form 5498 is filed for contributions to be applied to 1986 that are made between January 1, 1986, and April 15, 1987.
	Amount Indicators Form W-2G—Certain Gambling Winnings		For Reporting Payments on Form W-2G: Amount Code — Amount Type 1 — Gross winnings 2 — Federal income tax withheld 3 — State income tax withheld 7 — Winnings from identical wagers
27	Blank	1	REQUIRED. Enter blank.
28–30	"A" Record Length	3	REQUIRED. Enter the number of positions used or that you have allowed for the "A" Record. For magnetic tape filing, the "actual" record length *must* agree with whatever you enter in this field.
31–33	"B" Record Length	3	REQUIRED. Enter the number of positions used or that you have allowed for the "B" Record. For magnetic tape filing, the "actual" record length *must* agree with whatever you enter in this field.
34	Blank	1	REQUIRED. Enter blank.
35–39	Transmitter Control Code (TCC)	5	REQUIRED. Enter the 5 character alpha/numeric Transmitter Control Code assigned by IRS. See Part A, Sec. 15 for a definition of Transmitter Control Code (TCC). You must have a TCC to file actual data on this program.
40	Blank	1	REQUIRED. Enter blank.
41–80	First Payer Name	40	REQUIRED. Must be present or files will be returned for correction. Enter the name of the payer in the manner in which it is used in normal business. Any extraneous information must be deleted from the name line. Left-justify and fill with blanks. *NOTE: WHEN REPORTING FORM 1098, "MORTGAGE INTEREST STATEMENT," THE "A" RECORD WILL REFLECT THE NAME OF THE RECIPIENT OF THE INTEREST. THE "B" RECORD WILL REFLECT THE INDIVIDUAL PAYING THE INTEREST AND THE AMOUNT PAID.*
81–119	Second Payer Name	39	REQUIRED. The contents of this field are dependent upon the TRANSFER AGENT INDICATOR in position 120 of this record. If the Transfer Agent Indicator contains a "1," this field will contain the name of the Transfer Agent. If the Transfer Agent Indicator contains an "0" (zero), this field will contain either a continuation of the First Payer Name field or blanks. Left-justify and fill unused positions with blanks. IF NO ENTRIES ARE PRESENT FOR THIS FIELD FILL WITH BLANKS. (See Part A, Sec. 15 for a definition of Transfer Agent.)

RECORD NAME: PAYER/TRANSMITTER "A" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
120	Transfer Agent Indicator	1	REQUIRED. Identifies the entity in the Second Payer Name field. (See Part A, Sec. 15 for a definition of Transfer Agent.) *Code* — *Meaning* 1 — The entity in the Second Payer Name field is the Transfer Agent. 0 (zero) — The entity shown is *not* the Transfer Agent (*i.e.*, the Second Payer Name field contains either a continuation of the First Payer Name field or blanks).
121–160	Payer Shipping Address	40	REQUIRED. If the TRANSFER AGENT INDICATOR in position 120 is a "1" enter the shipping address of the Transfer Agent. Otherwise, enter the shipping address of the payer. Left-justify and fill with blanks.
161–200	Payer City, State and ZIP Code	40	REQUIRED. If the TRANSFER AGENT INDICATOR in position 120 is a "1" enter the city, state and ZIP Code of the Transfer Agent. Otherwise, enter the city, state and ZIP Code of the payer. Left-justify and fill with blanks.
201–280	Transmitter Name	80	REQUIRED. Enter the name of the transmitter in the manner in which it is used in normal business. The name of the transmitter *must* be constant through the entire file. Left-justify and fill with blanks.
281–320	Transmitter Mailing Address	40	REQUIRED. Enter the mailing address of the transmitter. Left-justify and fill with blanks.
321–360	Transmitter City, State and ZIP Code	40	REQUIRED. Enter the city, state, and ZIP Code of the transmitter. Left-justify and fill with blanks.

SEC. 5. PAYEE "B" RECORD—GENERAL FIELD DESCRIPTIONS

.01 The Payee "B" Record contains the payment information from the individual statements. When filing information documents on tape(s), the format for the Payee "B" Records will vary in relation to the number of payment amount fields being reported. The number of payment amount fields will depend upon the number of Payment Amount Indicator Codes used in positions 18–26 of the Payer/Transmitter "A" Record. For example, if you are reporting 1099-INT, position 17 of the Payer/Transmitter "A" Record will be coded with a "6". If the Amount Indicators used to report this interest are Amount Codes "1", "2", and "3", then tape positions 18–26 of the "A" Record will be coded "123bbbbbb" (b represents a *blank* position). To correspond with Amount Indicators "1", "2" and "3" of the "A" Record, the "B" Record will contain three payment amount fields. Tape positions 31–40 of the "B" Record will contain the payment amount to be reported for Amount Code "1" (earnings from savings and loan associations, credit unions, bank deposits, bearer certificates of deposits, etc.); tape positions 41–50 of the "B" Record will contain the payment amount to be reported for Amount Code "2" (amount of forfeiture); and tape positions 51–60 of the "B" Record will contain the payment amount to be reported for Amount Code "3" (Federal income tax withheld). The First Payee Name Line *must* begin immediately after the last payment amount *that is indicated as being used*. In this example, the First Payee Name Line will begin in tape position 61.

.02 All records must be a fixed length. Records may be blocked or unblocked. Records may not span blocks. A block may not exceed 10,000 positions. DO NOT PAD A BLOCK WITH BLANKS. If the use of blocked records would result in a short block, all remaining positions of the block must be filled with 9s.

.03 All payee records *must contain correct payee name and address information* entered in the fields prescribed in this section. Records containing an invalid TIN (SSN or EIN) and having no address data present may be returned for correction. In searching for a payee address, if your efforts fail and you know that the address is invalid, supply the invalid address rather than leave the field blank.

.04 IRS must be able to identify the surname associated with the TIN (SSN or EIN) furnished on a statement. The specifications below include a field in the payee records called "Name Control" in which the first four alphabetic characters of the payee's surname or last name are to be entered by the payer. The surname or last name should appear first in the First Payee Name Line of all Payee "B" Records;

however, if your records have been developed using the first name first, IRS programs will accept this but a blank must appear between the first and last name.

.05 If payers are unable to provide the first four characters of the surname, the Name Control Field may be left blank; however, compliance with the following will facilitate IRS computer programs in generating the Name Control.

(a) The surname of the payee whose TIN (SSN or EIN) is shown in the Payee "B" Record should always appear first. If, however, you enter the first name first, you must leave a blank space between the first and last name.

(b) In the case of multiple payees, only the surname of the payee whose TIN (SSN or EIN) is shown in the Payee "B" Record, must be present in the First Payee Name Line. Surnames of any other payees in the record must be entered in the Second Payee Name Line.

.06 Provision is also made in these specifications for data entries required by state or local governments. This should minimize the Payer/Transmitter's programming burden should payers desire to report on tape to state or local governments. See Part A, Sec. 14, for the Combined Federal/State filing requirements.

.07 Those filers participating in the Combined Federal/State Filing Program *must* have 360 position records. Positions 359 and 360 in the Payee "B" Records *must* contain the appropriate state code for the state to receive the information. The file should also meet the money criteria described in Part A, Sec. 14.11. Do not code for the states unless prior approval to participate has been granted by IRS. See Part A, Sec. 14.10 for a list of the valid participating state codes. *FORMS 1098, 1099-A, 1099-B AND W-2G CANNOT BE FILED UNDER THE COMBINED FEDERAL/STATE FILING PROGRAM*. Your files must meet all of the requirements specified in Part A, Sec. 14 in order to participate in this program.

.08 All alpha characters entered in the "B" Record should be upper-case.

.09 *IRS STRONGLY ENCOURAGES FILERS TO REVIEW THEIR DATA FOR ACCURACY BEFORE SUBMISSION TO PREVENT ERRONEOUS NOTICES TO PERSONS FOR WHOM REPORTS ARE FILED. FILERS SHOULD BE ESPECIALLY CAREFUL THAT THEIR TAXPAYER NAMES, SOCIAL SECURITY NUMBERS (SSNs), ACCOUNT NUMBERS, TYPES OF INCOME, AND INCOME AMOUNTS ARE CORRECT. ALTHOUGH IRS ENCOURAGES PAYERS TO FILL IN THE PAYER'S ACCOUNT NUMBER FOR THE PAYEE FIELD, THEY SHOULD NOT INCLUDE EXTRANEOUS DIGITS AS THIS FIELD IS LIMITED, IN MAGNETIC MEDIA FILING, TO 10 POSITIONS.*

.10 *WHEN REPORTING FORM 1098, "MORTGAGE INTEREST STATEMENT," THE "A" RECORD WILL REFLECT THE NAME OF THE RECIPIENT OF THE INTEREST. THE "B" RECORD WILL REFLECT THE INDIVIDUAL PAYING THE INTEREST AND THE AMOUNT PAID.*

RECORD NAME: PAYEE "B" RECORD

Tape Position	Field Title	Length	Description and Remarks
1	Record Type	1	REQUIRED. Enter "B".
2-3	Payment Year	2	REQUIRED. Must be the last two digits of the year for which payments are being reported (*e.g.*, if payments were made in 1986 enter "86"). Must be incremented each year.
4-5	Document Specific Code	2	REQUIRED for Forms 1099-R, 1099-MISC, 1099-G and W-2G. For *Form 1099-R*, enter the appropriate code for the Category of Total Distribution. For *Form 1099-MISC*, enter the appropriate code for Direct Sales. For *Form 1099-G*, enter the year of income tax refund. For *Form W-2G* enter the Type of Wager. FOR ALL OTHER FORMS, ENTER BLANK. If only one code is used, left-justify and blank fill. (In prior years, tape position 5 was used as a corrected return indicator. This position was needed for the Document Specific Code. Tape position 6 now represents a corrected return. You must adjust your programs.)
	Category of Total Distribution (Form 1099-R only)		Use only for reporting on *Form 1099-R* to identify the Category of Total Distribution. You may select two codes except when using Code 9. Enter the applicable code from the table below. Code 7 below is *not required* for Amount Indicators 1, 2 and 3. A "0" (zero) is not a valid code for form 1099-R. If you are reporting a distribution from a KEOGH plan, or from any other distribution, to which the following codes do not apply, enter blanks in this field.

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks

Category	*Code*
Premature distribution (other than codes 2, 3, 4, or 5)	1
Rollover	2
Disability	3
Death (includes payments to a beneficiary)	4
Prohibited transaction	5
Other	6
Normal IRA, SEP or DEC distributions	7
Excess contributions refunded plus earnings on such excess contributions taxable in 1985	8
PS 58 Costs (See NOTE)	9
Excess contributions refunded plus earnings on such excess contributions taaxable in 1985	P
Qualifies for 10-year averaging	A
Qualifies for death benefit exclusion	B
Qualifies for *Both* A and B	C

NOTE: PS 58 Costs may be reported on Form 1099-R; however, Form W-2P (filed with SSA) is preferable. Since this is not actually a total distribution, a separate "B" Record is required to report PS 58 Costs. These costs may not be reported in combination with a total distribution. Refer to the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G," available from IRS offices.

Direct Sales (Form 1099-MISC only)

Use only for direct sales reporting on *Form 1099-MISC*. If sales to the recipient of consumer products on a buy-sell, deposit-commission, or any other basis for resale, have amounted to $5,000 or more, ENTER "1." If you are filing 1099-MISC, with an Amount Indicator of "8" in the "A" Record, you must enter a code "1" in this field. For all other 1099-MISC Amount Codes in the "A" Record enter a "0" (zero) in this field. In Part B, Sec. 4, information concerning the direct sales indicator can be found under Amount Indicators, Form 1099-MISC, NOTE 1 in the "A" Record. This code should appear in position 4. Position 5 will be blank.

Refund is for Tax Year (Form 1099-G only)

Use only for reporting the tax year for which the refund was issued. If the payment amount field associated with Amount Indicator 2, Income Tax Refunds, contains a refund, credit or offset that is attributable to an income tax that applies exclusively to income from a trade or business and is not of general application, then enter the ALPHA equivalent of the year of refund from the table below. Otherwise, enter the NUMERIC Year for which the Refund was issued. This code should appear in position 4. Position 5 will be blank.

Year for which Refund was Issued	Alpha Equivalent
1	A
2	B
3	C
4	D
5	E
6	F
7	G
8	H
9	I
0	J

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
	Type of Wager (Form W-2G only)		Use only for reporting the Type of Wager on *Form W-2G*. This code will appear in position 4. Position 5 will be blank. *Category* — *Code* Horse Race Track (or Off Track Betting of a Horse Track nature) — 1 Dog Race Track (or Off Track Betting of a Dog Track nature) — 2 Jai-alai — 3 State Conducted Lottery — 4 Keno — 5 Casino Type Bingo. DO NOT use this code for any other type of Bingo winnings (*i.e.*, Church, Fire Dept. etc.). — 6 Slot Machines — 7 Any other types of gambling winnings. This includes Church Bingo, Fire Dept. Bingo, unlabeled winnings, etc. — 8
6	Blank or Corrected Return Indicator	1	REQUIRED. Enter blank. (Reserved for IRS use). Tape position 6 is used to indicate a corrected return. Refer to Part A, Sec. 10 for specific instructions on how to file corrected returns using magnetic media. IN PRIOR YEARS, TAPE POSITION 5 WAS USED AS THE CORRECTED RETURN INDICATOR. THIS HAS NOW CHANGED TO POSITION 6. *YOU MUST ADJUST YOUR PROGRAMS.*
7-10	Name Control	4	REQUIRED. Enter the first 4 letters of the surname of the payee. Surnames of less than four (4) letters should be left-justified, filling the unused positions with blanks. Special characters and imbedded blanks should be removed. IF THE NAME CONTROL IS NOT DETERMINABLE BY THE PAYER, SUCH AS IN THE CASE OF A BUSINESS NAME, LEAVE THIS FIELD BLANK. A dash (-) or ampersand (&) are the only acceptable special characters. The following examples may be helpful to you in developing the Name Control: *Name* — *NAME CONTROL* John Brown — BROW John A. Lee — LEE * James P. En Sr. — EN * John O'Neill — ONEI Mary Van Buren — VANB John Diben Edetto — DIBE Juan De Jesus — DEJE John A. El-Roy — EL-R Mr. John Smith — SMIT Joe McCarthy — MCCA Pedro Torres-Lopes — TORR Mark D'Allesandro — DALL *Name Controls of less than four (4) significant characters must be left-justified and blank filled.
11	Type of TIN	1	REQUIRED. This field is used to identify the Taxpayer Identification Number (TIN) in positions 12-20 as either an Employer Identification Number, a Social Security Number, or the reason no number is shown. Enter the appropriate code from the following table:

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
			Type of TIN / *TIN* / *Type of Account* 1 / EIN / A business or an organization 2 / SSN / An individual blank / N/A / If the type of TIN is undeterminable, enter a blank. If a number is unobtainable due to legitimate cause; *e.g.*, number applied for but not received, enter a blank.
12-20	Taxpayer Identification Number	9	REQUIRED. Enter the valid 9-digit Taxpayer Identification Number of the payee (SSN or EIN, as appropriate). Where an identification number has been applied for but not received or where there is any other legitimate cause for not having an identification number, *enter blanks*. Refer to Part A, Sec. 11. *DO NOT ENTER HYPHENS, ALPHA CHARACTERS, ALL 9s OR ALL ZEROS*. Any record containing an invalid identifying number in this field will be returned for correction.
21-30	Payer's Account Number for Payee	10	REQUIRED. Payer may use this field to enter the payee's account number. The use of this item will facilitate easy reference to specific records in the payer's file should any questions arise. DO NOT ENTER A TAXPAYER IDENTIFICATION NUMBER IN THIS FIELD. An account number can be any account number assigned by the payer to the payee (*i.e.*, checking account, savings account, etc.). THIS NUMBER WILL HELP TO DISTINGUISH THE INDIVIDUAL PAYEE'S ACCOUNT WITH YOU AND SHOULD BE UNIQUE TO IDENTIFY THE SPECIFIC TRANSACTION MADE WITH THE ORGANIZATION, SHOULD MULTIPLE RETURNS BE FILED. This information will be particularly necessary if you need to file a corrected return. You are strongly encouraged to use this field. You may use any number that will help identify the particular transaction that you are reporting. If a number is not determinable, enter blanks. If fewer than ten characters are required, right-justify filling the remaining positions with blanks.
	Payment Amount Fields (Must be numeric)		The number of payment amounts is dependent upon and must agree with the number of Amount Indicators present in positions 18-26 of the "A" Record. *THE FIRST PAYEE NAME LINE MUST APPEAR IMMEDIATELY AFTER THE LAST PAYMENT AMOUNT INDICATED AS BEING USED*. For example, if you are reporting 1099-INT and you used only Amount Indicator "3" in the Payer/Transmitter "A" Record, then you will only use one ten position payment amount in the Payee "B" Record, right-justified, and the First Payee Name Line will begin in position 41. If you use a record length of 360 positions and you used just one payment amount, enter blanks after the ZIP Code in the Payee Address field to arrive at a 360 length record. Each payment field that you allow for, or use, must contain 10 numeric characters (see NOTE 1). Do not provide a payment amount field when the corresponding Amount Indicator in the Payer/Transmitter "A" Record is blank. Each payment amount must be entered in dollars and cents. Do not enter dollar signs, commas, decimal points, or *NEGATIVE PAYMENTS* (except those items that reflect a loss on Form 1099-B and

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
			must be negative overpunched in the units position). Example: If the Amount Indicators are reflected as "123bbbbbb", the Payee "B" Records must have only 3 payment amount fields. If Amount Indicators are reflected as "12367bbbb", the "B" Records must have only 5 payment amount fields. Payment amounts MUST be right-justified and unused positions MUST be zero filled. Federal income tax withheld is not reported as a negative amount. NOTE 1: If any one payment amount exceeds "9999999999" (dollars and cents), as many SEPARATE Payee "B" Records as necessary to contain the total amount MUST be submitted for the Payee. NOTE 2: If you file 1099-MISC and use Amount Code "8" in the Amount Indicator field of the Payer/Transmitter "A" Record, you must enter 0000000100 in the corresponding Payment Amount Field. This will not represent an actual money amount; this is an indicator of direct sales. (Refer to Part B, Sec. 4, NOTE 1, of the Amount Indicators, Form 1099-MISC, for clarification.)
31-40	Payment Amount 1	10	This amount is identified by the indicator in position 18 of the Payer/Transmitter "A" Record. *This amount must always be present.*
DETERMINE AT THIS POINT THE NUMBER OF PAYMENT FIELDS TO BE REPORTED WITHIN THE PAYEE "B" RECORD. THIS CAN BE DETERMINED FROM THE NUMBER OF AMOUNT INDICATORS APPEARING IN POSITIONS 18-26 OF THE PAYER/TRANSMITTER "A" RECORD.			
41-50	Payment Amount 2	10	This amount is identified by the indicator in position 19 of the Payer/Transmitter "A" Record. If position 19 is blank, do not provide for this payment amount.
51-60	Payment Amount 3	10	This amount is identified by the indicator in position 20 of the Payer/Transmitter "A" Record. If position 20 is blank, do not provide for this payment amount.
61-70	Payment Amount 4	10	This amount is identified by the indicator in position 21 of the Payer/Transmitter "A" Record. If position 21 is blank, do not provide for this payment amount.
71-80	Payment Amount 5	10	This amount is identified by the indicator in position 22 of the Payer/Transmitter "A" Record. If position 22 is blank, do not provide for this payment amount.
81-90	Payment Amount 6	10	This amount is identified by the indicator in position 23 of the Payer/Transmitter "A" Record. If position 23 is blank, do not provide for this payment amount.
91-100	Payment Amount 7	10	This amount is identified by the indicator in position 24 of the Payer/Transmitter "A" Record. If position 24 is blank, do not provide for this payment amount.
101-110	Payment Amount 8	10	This amount is identified by the indicator in position 25 of the Payer/Transmitter "A" Record. If position 25 is blank, do not provide for this payment amount.
111-120	Payment Amount 9	10	This amount is identified by the indicator in position 26 of the Payer/Transmitter "A" Record. If position 26 is blank, do not provide for this payment amount.
THE NEXT 160 POSITIONS MUST BEGIN IMMEDIATELY AFTER THE LAST PAYMENT AMOUNT FIELD INDICATED AS BEING USED. THE NUMBER OF PAYMENT AMOUNT FIELDS IS DETERMINED BY THE NUMBER OF AMOUNT INDICATORS IN POSITIONS 18-26 OF THE PAYER/TRANSMITTER "A" RECORD. (See Part B, Sec. 5.01 for an example.)			
	First Payee Name Line	40	REQUIRED. *The First Payee Name Line must appear immediately after the last payment amount indicated as being used. Do not en-*

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
			ter address information in this field. If you use all payment amounts, the first Payee Name Line will begin in tape position 121. Enter the name of the payee (preferably surname first) whose Taxpayer Identification Number appears in positions 12-20 above. If fewer than 40 characters are required, left-justify and fill unused positions with blanks. If more space is required for the name, utilize the Second Payee Name Line field below. If there are multiple payees, only the name of the payee whose Taxpayer Identification Number has been provided should be entered in this field. The names of the other payees should be entered in the Second Payee Name Line field. *NOTE: WHEN REPORTING FORM 1098, "MORTGAGE INTEREST STATEMENT," THE "A" RECORD WILL REFLECT THE NAME OF THE RECIPIENT OF THE INTEREST. THE "B" RECORD WILL REFLECT THE INDIVIDUAL PAYING THE INTEREST AND THE AMOUNT PAID.*
	Second Payee Name Line	40	REQUIRED. If the payee name requires more space than is available in the First Payee Name Line, *enter the remaining portion of the name only in this field.* If there are multiple payees, (*e.g.*, partners or joint owners) this field may be used for those payees' names who are not associated with the Taxpayer Identification Number provided in positions 12-20 above. *Do not enter address information in this field.* Left-justify and fill unused positions with blanks. FILL WITH BLANKS IF NO ENTRIES ARE PRESENT FOR THIS FIELD.
	Payee Mailing Address	40	REQUIRED. Enter mailing address of payee. Left-justify and fill unused positions with blanks. The address MUST be present. This field MUST NOT contain any data other than the payee's mailing address.
	Payee City	29	REQUIRED. Enter the city, left-justified and fill the unused positions with blanks. *Do not enter state and ZIP Code information in this field.* (If the payee lives outside of the United States, insert a "1" in position "1" of this field and spell out the name of the city in the remaining positions.)
	Payee State	2	REQUIRED. Enter the abbreviation for the state or foreign country. You MUST use valid U.S. Postal Service abbreviations as shown in the table in Part A, Sec. 16.03. Use this field for state or country information *only*. If the code used is for a foreign country, insert a "1" in position "1" of the Payee City field.
	Payee ZIP code	9	REQUIRED. Enter the valid 9 digit ZIP Code assigned by the U.S. Postal Service. If only the first 5 digits are known, left-justify and *fill the unused positions with blanks.* Use this field for the ZIP Code *only*. For foreign countries, alpha characters are acceptable as long as position "1" in the Payee City field is a "1".

THE FOLLOWING FIELD DEFINITIONS DESCRIBE PAYEE "B" RECORD POSITIONS FOLLOWING PAYEE ZIP CODE FOR EITHER (1) FORMS 1098, 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R AND 5498 *OR* (2) FORM 1099-A *OR* (3) FORM 1099-B *OR* FORM W-2G.

(1) FORMS 1098, 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R and 5498

NEXT FIELD AFTER PAYEE ZIP CODE:

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
-358	Special Data Entries		REQUIRED. This portion of the Payee "B" Record may be used to record information for state or local government reporting or for other purposes. Payers should contact their state or local revenue departments for their filing requirements. The Special Data Entries will begin in positions 201, 211, 221, 231, 241, 251, 261, 271 or 281 depending on the number of payment amounts used in the record. Special Data Entries may be used to make all records the same length; however, the record may not exceed 360 positions. If this field is not utilized, ENTER BLANKS.
359-360	State Code	2	REQUIRED. If this payee record is to be forwarded to a state agency as part of the Combined Federal/State Filing Program, enter the valid state code from Part A, Sec. 14.10. For those states NOT participating in this program or for Form 1098, ENTER BLANKS.

(2) FORM 1099-A (For detailed explanations of the following fields see the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G" available at IRS offices.)

NEXT FIELD AFTER PAYEE ZIP CODE:

-281	Blank		REQUIRED. Enter blanks.
282-287	Lender's Date of Acquisition or Abandonment	6	*REQUIRED FOR FORM 1099-A ONLY*. Enter the date of your acquisition of the secured property or the date you first knew or had reason to know that the property was abandoned in the format MMDDYY. DO NOT ENTER HYPHENS OR SLASHES.
288	Liability Indicator	1	REQUIRED *FOR FORM 1099-A ONLY*. Enter the appropriate indicator from table below: *Indicator* — *Usage* 1 — Borrower is personally liable for repayment of the debt. Blank — Borrower is *not* liable for repayment of the debt.
289-325	Description	37	REQUIRED *FOR FORM 1099-A ONLY*. Enter a brief description of the property. For example, for real property, enter the address, section, lot and block. For personal property, enter the type, make and model (*e.g.*, Car-1986 Buick Regal or Office Equipment, etc.).
326-360	Blank	35	REQUIRED. Enter blanks.

(3) FORM 1099-B (For detailed explanations of the following fields see 1986 "Instructions for Forms 1099, 1098, 5498, 1096 and W-2G" available at IRS offices).

NEXT FIELD AFTER PAYEE ZIP CODE:

-317	Blank		REQUIRED. Enter blanks.
318	Date of Sale Indicator	1	REQUIRED *FOR FORM 1099-B ONLY*. Enter appropriate indicator from table below: *Indicator* — *Usage* S — Date of Sale is the actual settlement date blank — Date of Sale is the trade date or this is an aggregate transaction
319-324	Date of Sale	6	REQUIRED *FOR FORM 1099-B ONLY*. Enter the trade date or the

RECORD NAME: PAYEE "B" RECORD—Continued

Tape Position	Field Title	Length	Description and Remarks
			actual settlement date of the transaction in the format MMDDYY. Enter blanks if this is an aggregate transaction. DO NOT ENTER HYPHENS OR SLASHES.
325-332	CUSIP No.	8	REQUIRED *FOR FORM 1099-B ONLY*. Enter the CUSIP (Committee on Uniform Security Identification Procedures) number of the items reported for Amount Indicator "2" (Stocks, bonds, etc.). Enter blanks if this is an aggregate transaction. Enter "0" (zeros) if the number is not available. For CUSIP numbers with more than 8 characters, supply the *first* 8.
333-358	Description	26	REQUIRED *FOR FORM 1099-B ONLY*. Enter a brief description of the item or services for which the proceeds are being reported. If fewer than 26 characters are required, left-justify and fill unused positions with blanks. For regulated futures contracts, enter RFC. Enter blanks if this is an aggregate transaction.
359-360	Blank	2	REQUIRED. Enter blanks.

(4) FORM W-2G (For detailed explanations of the following fields see the 1986 "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G" available at IRS offices.)

NEXT FIELD AFTER PAYEE ZIP CODE:

-292	Blank		REQUIRED. Enter blanks.
293-298	Date Won	6	REQUIRED *FOR FORM W-2G ONLY*. Enter the date of the winning event in MMDDYY format. This is not the date the money was paid, if paid after the date of the race (or game). DO NOT ENTER HYPHENS OR SLASHES.
299-313	Transaction	15	REQUIRED *FOR FORM W-2G ONLY*. If applicable, the ticket number, card number (and color, if applicable), machine serial number or any other information that will help identify the winning transaction. If no entry, enter blanks.
314-318	Race	5	REQUIRED *FOR FORM W-2G ONLY*. The race (or game) applicable to the winning ticket. If no entry, enter blanks.
319-323	Cashier	5	REQUIRED *FOR FORM W-2G ONLY*. If applicable, the initials of the cashier and/or the window number making the winning payment. If no entry, enter blanks.
324-328	Window	5	REQUIRED *FOR FORM W-2G ONLY*. If applicable, the location of the person paying the winnings. If no entry, enter blanks.
329-343	First ID	15	REQUIRED *FOR FORM W-2G ONLY*. If applicable, the first identification number of the person receiving the winnings. If no entry, enter blanks.
344-358	Second ID	15	REQUIRED *FOR FORM W-2G ONLY*. If applicable, the second identification number of the person receiving the winnings. If no entry, enter blanks.
359-360	Blank	2	REQUIRED. Enter blanks.

SEC. 6. END OF PAYER "C" RECORD

.01 The Control Total fields have been expanded from 12 to 15 positions. Adjust your programs accordingly.

.02 The End of Payer "C" Record is a summary record for a type of return for a given payer. It *MUST* be the same length as the "B" Records in the payer's file.

.03 The "C" Record will contain the total number of payees and the totals of the payment amount fields filed by a given payer. The "C" Record must be written after the last Payee "B" Record for each type of return for a given payer. For each "A" Record and group of "B" Records on the file, there must be a corresponding "C" Record.

.04 In developing the "C" Record, for example, if you used Amount Codes 1, 3 and 6 in the "A" Record, the totals from the "B" Records will appear in Control Total 1, 2 and 3 of the "C" Record. Positions 53-142 would be zero filled and positions 143-360 would be blank filled *in this example*..

.05 Payers/Transmitters must verify the accuracy of the totals in the "C" Record and must enter the totals on the transmittal, Form 4804, 4802 or computer generated substitute, which will accompany the shipment. The lines used on Forms 4804 and 4802 to record payment amounts correspond with the Amount Codes used in the "A" Record. These forms have been updated for 1986.

RECORD NAME: END OF PAYER "C" RECORD

Type Position	Field Title	Length	Description and Remarks
1	Record Type	1	REQUIRED. Enter "C".
2-7	Number of Payees	6	REQUIRED. Enter the total number of Payee "B" Records covered by the preceding Payer/Transmitter "A" Record. Right-justify and zero fill.
8-22	Control Total 1	15	REQUIRED. Please note that all Control Total fields have been expanded from 12 to 15 positions. Enter accumulated totals from Payment Amount 1. Right-justify and zero fill each Control Total amount. IF LESS THAN NINE AMOUNT FIELDS ARE BEING REPORTED, ZERO FILL UNUSED CONTROL TOTAL FIELDS.
	If any corresponding Payment Amount fields are present in the Payee "B" Records, accumulate into the appropriate Control Total field. ZERO FILL UNUSED CONTROL TOTAL FIELDS. Please note that all Control Total fields have been expanded from 12 to 15 positions.		
23-37	Control Total 2	15	
38-52	Control Total 3	15	
53-67	Control Total 4	15	
68-82	Control Total 5	15	
83-97	Control Total 6	15	
98-112	Control Total 7	15	
113-127	Control Total 8	15	
128-142	Control Total 9	15	
143-360	Blank	218	REQUIRED. Enter blanks. (Enter the appropriate number of blanks in order to make the "C" Record length equal to the "B" Record length.)

SEC. 7. STATE TOTALS "K" RECORD

.01 The Control Total fields have been expanded from 12 to 15 positions. Adjust your programs accordingly.

.02 The State Totals "K" Record is a summary for a given payer and a given state in the Combined Federal/State Filing Program, used ONLY when state reporting approval has been granted. *IT MUST BE 360 POSITIONS IN LENGTH.*

.03 The "K" Record will contain the total number of payees and the totals of the payment amount fields filed by a given payer for a given state. The "K" Record(s) must be written after the "C" Record for the related "A" Record.

.04 There MUST be a separate "K" Record for *each state* being reported.

.05 Refer to Part A, Sec. 14 for the requirements and conditions that *MUST* be met to file on this program.

RECORD NAME: STATE TOTALS "K" RECORD

Tape Position	Field Title	Length	Description and Remarks
1	Record Type	1	REQUIRED. Enter "K".
2-7	Number of Payees	6	REQUIRED. Enter the total number of Payee "B" Records being coded for this state. Right-justify and zero fill.
8-22	Control Total 1	15	REQUIRED. Please note that all Control Total fields have been expanded from 12 to 15 positions. Enter accumulated total from Payment Amount 1. Right-justify and zero fill each Control Total amount. IF LESS THAN NINE AMOUNT FIELDS ARE BEING REPORTED, ZERO FILL UNUSED CONTROL TOTAL FIELDS.
	If any corresponding Payment Amount fields are present in the Payee "B" Records, accumulate into the appropriate Control Total field. ZERO FILL UNUSED CONTROL TOTAL FIELDS. Please note that all Control Total fields have been expanded from 12 to 15 positions.		
23-37	Control Total 2	15	
38-52	Control Total 3	15	
53-67	Control Total 4	15	
68-82	Control Total 5	15	
83-97	Control Total 6	15	
98-112	Control Total 7	15	
113-127	Control Total 8	15	
128-142	Control Total 9	15	
143-358	Reserved	216	REQUIRED. Reserved for IRS use. Enter blanks.
359-360	State Code	2	REQUIRED. Enter the code assigned to the state which is to receive the information. Refer to Part A, Sec. 14.10.

SEC. 8. END OF TRANSMISSION "F" RECORD

01. The "F" Record is a summary of the number of payers and tapes in the entire file.

.02 This record should be written after the last "C" Record (or "K" Record, when applicable) of the entire file.

.03 Only a Tape Mark or a Tape Mark and Trailer Label may follow the "F" Record (except when fixed blocks are used in this instance, 9s may follow the "F" Record).

RECORD NAME: END OF TRANSMISSION "F" RECORD

Tape Position	Field Title	Length	Description and Remarks
1	Record Type	1	REQUIRED. Enter "F".
2-5	Number of "A" Records	4	REQUIRED. You may enter the total number of Payer/Transmitter "A" Records in this transmission. Right-justify and zero fill or enter all zeros.
6-8	Number of Reels	3	REQUIRED. You may enter the total number of reels in this transmission. Right-justify and zero fill or enter all zeros.
9-30	Zero	22	REQUIRED. Enter zeros.
31-360	Blank	330	REQUIRED. Enter blanks.